



Daily Report

East Asia

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Japan

Japan: Foreign Ministry on Bilateral Ties With U.S., B-H

OW2401064496 (Internet) Japan Ministry of Foreign Affairs WWW in English 23 Jan 96

[News conference by Foreign Ministry spokesman Hiroshi Hashimoto with unidentified reporters on 23 January; place not given; from the "Foreign Policies, Press Conference" link]

[FBIS Transcribed Text] [Topics of Discussion]

I. Japan Government recognition of Bosnia-Herzegovina [B-H] as independent state

II. Korean Energy Development Organization (KEDO) funding

III. Japan-United States bilateral security issues

IV. Japan-United States bilateral trade issues

I. Japan Government Recognition of Bosnia-Herzegovina as Independent State

Foreign Ministry Spokesman Hiroshi Hashimoto: Good afternoon, ladies and gentlemen. This morning the Cabinet approved a measure calling for the Government of Japan to recognize Bosnia-Herzegovina as an independent state. Japan has already started extending aid — so far through international organizations — but because of the recognition of Bosnia-Herzegovina as an independent state, the way will be open to extend bilateral aid to the country. The Japanese Government will quickly go ahead with the preparations to exchange notes to open official diplomatic relations with Bosnia-Herzegovina. That is what I have to announce to you today. If you have any questions on this subject or any other subject, I am ready to answer them.

II. Korean Energy Development Organization (KEDO) Funding

Q: In yesterday's diplomatic speech, Minister for Foreign Affairs Yukihiko Ikeda said "very active cooperation with the Korean Energy Development Organization." Could you specify what this really means?

For example, does it mean Japan is willing to shoulder more than it has originally been thinking of?

A: That is basically the continuation of the Japanese Government's several measures on the Korean Energy Development Organization (KEDO). The Japanese Government announced several times that it is ready to play a significant role in the construction of the light water project. The Government of the Republic of Korea is playing a central role for this purpose. We have sent

several survey missions to North Korea, but it will take several more months to finish the survey. Up until then, we are not in a position to say how much cost the Japanese side is going to bear. So, in this sense, what Minister for Foreign Affairs Ikeda said in his official speech reflects the basic stance of the new Japanese Government.

Q: Has the Japanese Government received any requests or pressure or whatever about paying more in supplying North Korea with heavy fuel oil?

A: First of all, up until the construction of the light water reactor, 500,000 tons of crude oil should be delivered to North Korea each year, and we still hope that the United States will provide the resources for this. But, because of budget restraints, it seems that the Clinton Administration is in a very difficult situation as far as getting sufficient funds from the United States Congress is concerned. As the press reports, the Government of the Republic of Korea does not intend to bear any cost for this, and Japan, together with the United States and the Republic of Korea, have been approaching ASEAN countries, Middle East countries and the European Union, asking them if they would contribute to the KEDO. For example, when Minister of Finance Wataru Kubo attended the G-7 meeting very recently, he announced Japan's new financial contributions to the future of Bosnia-Herzegovina, but at the same time, he reminded European countries that they are strongly advised to contribute to the KEDO. In this sense, what I can tell you is those three countries have been approaching the other countries to contribute to the fund; however, the Japanese side has not been asked by the United States to contribute money for this.

III. Japan-United States Bilateral Security Issues

Q: Minister for Foreign Affairs Ikeda met Secretary of State Christopher of the United States, and of course discussed bilateral security affairs. Could you sum up the exchange between the two, particularly in terms of new developments, if there have been any?

A: The main purpose of Minister for Foreign Affairs Ikeda's visit to Washington, D.C. recently was that the recently established Hashimoto Government considers the Japan-United States relationship to be the cornerstone of Japan's diplomacy. Minister for Foreign Affairs Ikeda wanted to relay this message to the Clinton Administration. At the same time, Minister for Foreign Affairs Ikeda expressed the desire of the Japanese Government that both countries should prepare for a successful visit of President William Clinton to Japan in April. Minister for Foreign Affairs Ikeda expressed his desire to cooperate and work together with Secretary of State Christopher for this purpose. Minister for Foreign

Affairs Ikeda talked to Secretary of State Christopher, not only on the bilateral issues, but also on various international issues. Basically, they covered almost all the subjects the two gentlemen are interested in. Basically, this was the first meeting between the two gentlemen. I think a personal relationship has been established. Secondly, the two gentlemen are the people who oversee bilateral relations from each side, and they reviewed what the two governments have been doing. Thirdly, they talked about what we should do for President Clinton's visit to Tokyo. At the same time, they exchanged views on the various international agenda.

Q: Minister for Foreign Affairs Ikeda again yesterday said that the Japan-United States Security Treaty will be a key to bilateral relations, but at the same time he expressed that the Government wants to realign and down size American forces in Japan. Have both the United States and Japan agreed that the down sizing, and the Japan-United States Security Treaty, and more importantly, the Okinawa or East Asian American forces, is part of the overall review strategy of the United States?

A: First of all, I would like to tell you that Minister for Foreign Affairs Ikeda and Secretary of State Christopher agreed that the Japan-United States bilateral relationship should be developed in a wider sense — not only in the field of the security relationship, but also in the field of trade and economic relations, and in what we call the "common agenda." This is one point. The other point is that those two gentlemen share the same opinion that the security relationship is the foundation of the bilateral relationship. When President Clinton comes, the two governments will issue a joint paper on the security relationship, and both gentlemen agreed — including Secretary of Defense William Perry of the United States — that both governments should try to harmonize the attainment of the purpose of the Japan-United States Security Treaty and the various issues confronting the local people on Okinawa — notably the realignment and consolidation consultations and reduction of the bases, and the question of night training noise, and these kinds of issues which are related to American bases in Japan. I am sure that the realignment consultations and the reduction of the bases will continue to be discussed between the two nations, but for the time being, the Government of Japan has been waiting until the Okinawa Prefectural Government presents their concrete desire on this. On this basis, the Central Government of Japan will further talk to the Okinawa Prefectural Government. At the same time, we will negotiate with the American side on this issue.

Q: Would the Government of Japan be willing to accept a small reduction in the number of United States forces

stationed in Japan, if this was necessary to resolve the concerns of the Okinawans?

A: First of all, the United States has decided to keep approximately 47,000 troops in Japan after they thoroughly investigated the need to maintain peace and security in this region — using simulation methods and so on. They announced this figure in the official documentation published by the United States Department of Defense. The Government of Japan respects the figure that the United States Department of Defense stated, but while we are trying to reduce or consolidate and realign the American bases, there is a possibility of reducing personnel — but this is a sort of theoretical possibility. At present, we cannot say anything concrete. However, in general, what I can tell you is that while we said that we should realize the purpose of the Japan-United States security relationship, it means that what we are now doing is within this context — and how much we can realign, consolidate and reduce the bases, rather than personnel.

IV. Japan-United States Bilateral Trade Issues

Q: This upcoming summit with President Clinton — most of the reports deal with security issues and personal issues like getting acquainted. But, there are several outstanding trade issues between the two countries. Films, semiconductors, air routes, and insurance are the four most often mentioned. What is being done to resolve these issues before the Summit?

A: First of all, Vice-President Al Gore of the United States and Secretary of State Christopher touched on the subject — they pointed out the four sectors and said that we should make further progress in those sectors. Minister for Foreign Affairs Ikeda and those two gentlemen completely agreed that these individual issues related to trade and economy should not negatively affect the overall bilateral relationship. This is one point. The other point is that while the American side mentioned four sectors, Minister for Foreign Affairs Ikeda said that at that time he was not prepared to talk about the specific issues; however, that he understood that the Japanese Government, including newly elected Prime Minister Ryutaro Hashimoto, made the positions of the Japanese Government very clear on the film issue and on the Semiconductor Agreement. That is what they talked about. As far as the air cargo issue is concerned, both Japan and the United States have agreed to set up a goal to reach an agreement by the end of March, so we hope that the two sides can produce a good agreement before that time. As for the insurance issue, already the Ministry of Finance and the United States have been communicating with each other at the working level.

We will just have to wait and see whether a good result can be achieved.

Q: Would it be possible, just for the record, for you to re- state Prime Minister Hashimoto's position on the other two: the film and the semiconductor issues?

A: When Prime Minister Hashimoto was the Deputy Prime Minister and, concurrently, the Minister for International Trade and Industry, he publicly stated that the Japanese Government would not conduct negotiations with the United States under the threat of Article 301. If an issue arises related to the Fair Trade Law, a foreign company can, at any moment, file a case with the Japanese Fair Trade Commission. That is what Prime Minister Hashimoto stated. As for the Semiconductor Agreement, Prime Minister Hashimoto stated that the climate surrounding the semiconductor industry has changed and cooperation between the two countries on the level of private companies has been firmly established. Japan is of the view that the Government should not intervene in this sector further. The Semiconductor Agreement will be over by the end of July this year, and the Japanese side is of the view that the Agreement should be terminated after this. Thank you very much.

Japan: U.S. Official on Relocation of Troops From Okinawa

OW2401074096 Tokyo KYODO in English
0703 GMT 24 Jan 96

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, Jan. 24 KYODO — the United States and Japan have already agreed to relocate some of the U.S. troops in Okinawa Prefecture to other regions of Japan, a senior U.S. Defense Department official said Wednesday [23 January].

But the two nations now face "extremely difficult" talks at a February joint action committee when they will discuss concrete measures in carrying out the transfer of troops from the southernmost island prefecture of Okinawa, the official told KYODO news on conditions of anonymity.

"Many of the proposals that will be put on the table will be difficult for us to work with, but we stand ready to look closely and explore creatively," the official said.

His comments were in sharp contrast to the recent optimistic outlook of U.S. officials over specifics of the plan. This suggests Washington is increasingly cautious about giving Okinawa, where the prefectural government there is calling for such drastic measures as removal of the U.S. Futenma Marine Corps Air Station, unnecessary hopes about the troop reduction.

The official said the direction of the discussions depends on how the Japanese central government incorporates the Okinawa prefectural government's requests into Japan's proposals in late January.

Referring to a joint security statement to be announced in April by President Bill Clinton and Prime Minister Ryutaro Hashimoto during the president's rescheduled trip to Tokyo, the official said, "there will be room for some mention of Okinawa, but we will not get into the specific details."

"It might have a paragraph about Okinawa, but it is not going to dominate," he said.

Instead, the two nations will likely issue a separate statement or an interim report on the discussions by the joint committee, the official said.

The committee was established last November to come up with solutions within a year to address the growing outcry in Okinawa for a reduction of the U.S. military presence there in the wake of a rape last September of a local schoolgirl. Three U.S. servicemen are now on trial for the rape case.

Okinawa accounts for just 0.6 percent of Japan's land area but hosts about 75 percent of U.S. military facilities in Japan. Some 30,000 of the 47,000 U.S. troops in Japan are stationed there, with the bases taking up about 20 percent of the island's total area.

"The Japanese Government has supported the notion of consolidation, whereby some troops at facilities from Okinawa may be moved to (other areas of) Japan — mainland or elsewhere," the official said.

"I think we are very much in step on this. So I see no sign of friction or no sign that our basic fundamentals are misunderstood," he said.

Brushing off any reduction of the overall 47,000 troops in Japan, the official also stressed, "both governments agree that the forward-based strong U.S. presence at about 100,000 troops (in Asia) is appropriate."

"Our view is that we are open to some ideas of consolidation, but we will continue to keep our commitments to Japan and the region strong," the official said.

Considering the recent request by Okinawa Gov. Masahide Ota to exclude the number of U.S. troop levels from the joint statement, the official said, "we haven't received a formal request...So we stand ready to look at it and consider it seriously."

Based on these basic principles, the official said the two nations will begin discussing concrete measures in February, with "the busiest period in the U.S.-Japan

security relationship since the Second World War" coming from now until April 16 when Clinton arrives in Tokyo.

As for the procedure in the committee's discussions, the official said the Japanese Government will put forward its views at the end of this month after considering requests from the Okinawa Government. The U.S. will then look at the Japanese proposals.

"We stand by to receive what the Japanese Government has looked (at) internally and what the Okinawan Government has been working on as well, and we will begin to look closely at what a formal set of issues for discussion might look like," the official said.

But he stressed, "this is a negotiation not between three parties, but between two — the Japanese Government and the U.S. Government."

"The Japanese Government will incorporate some things from the Okinawa wish list, and may choose not to incorporate others," he added.

As for the U.S., the official said, "let me just say that we are taking a very wide-ranging view about both operational matters and facilities on Okinawa, and we have excluded nothing in this overview."

"We are looking very carefully at what our capabilities are and need to be and also the role of every single man, woman and piece of equipment on Okinawa," he said.

Japan: Usui, Mondale Agree To Quick Progress on Okinawa Bases

OW2401081296 Tokyo KYODO in English
0718 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — Defense Agency chief Hideo Usui and U.S. Ambassador to Japan Walter Mondale agreed Wednesday [24 January] to work for quick progress on the issue of the huge U.S. military bases in Okinawa, agency officials said.

Mondale, who visited Usui to discuss the issue, also informed the Defense Agency chief that U.S. Defense Secretary William Perry is expected to visit Japan a few days prior to President Bill Clinton's scheduled trip in April for talks with Prime Minister Ryutaro Hashimoto.

The ambassador told Usui that the two countries need to be careful and prudent in working on the issue.

He said he would like to find the best solution to the base issue that balances the strategic significance of Okinawa, the officials said.

The call for removal or cutback of U.S. bases in Okinawa has been mounting there following last Septem-

ber's rape of a local school girl allegedly by three U.S. servicemen.

Seventy-five percent of the total land area occupied by the U.S. military in Japan is located in Okinawa which has less than 1 percent of the nation's total land space.

Japan: Ikeda, U.S. Commander Reaffirm Importance of Security Ties

OW2401053796 Tokyo KYODO in English
0505 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — Foreign Minister Yukihiko Ikeda and the commander of U.S. Forces in Japan on Wednesday [24 January] reaffirmed the importance of the two countries' close security relationship in maintaining peace and stability in the Asia-Pacific region, a Foreign Ministry official said.

Ikeda and Lt. Gen. Richard Myers, the commander of the U.S. forces stationed in Japan, made the reaffirmation in a meeting, the official said.

Ikeda told Myers that the bilateral security regime is significant, not only for Japan's national security, but also for peace and stability in the Asia-Pacific region.

Myers replied the U.S. Forces in Japan will do their utmost to implement the bilateral security treaty in a smooth and effective manner, while striving to be a good neighbor of the Japanese people.

The two men agreed on the need to ease the burdens placed on residents living near U.S. bases in Japan, especially those in the southwestern island prefecture of Okinawa, the official said.

Japan: Landowners Association Head on ICC

OW1801025196 Naha OKINAWA TIMES in Japanese
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[Interview with Kaoru Shinjo, Okinawa Prefectural Federation of Landowners Association of Land Used for Military Purposes (FLALUMP) chairman, by OKINAWA TIMES; place and date not given]

[FBIS Translated Text] [OKINAWA TIMES] What was the true intention behind the decision made at FLALUMP's executive board meeting on 11 January?

[Shinjo] The prefectural government's international city concept [ICC] presupposes an early return of the land without any plans for converting it to other uses. Moreover, we have not been given any explanation of the ICC, and therefore, it is unacceptable to us. Specifically, it was decided that local landowners associations

will file a complaint with local administrative authorities on the early return of land, while FLALUMP will ask the central government to make it mandatory that land will only be returned if the landowners agree.

[OKINAWA TIMES] It has been reported that FLALUMP has not been given any explanation on the ICC by the prefectural government.

[Shinjo] We are wary that by hearing the prefectural government's explanation, it may be misunderstood that we are also in favor of the ICC. There is no financial planning behind the ICC, and there hardly seems any practical plans for converting returned land to other uses. Therefore, FLALUMP, for its part, cannot simply say yes to anything the prefectural government proposes. However, that does not mean we intend to completely boycott the prefectural government's briefings in the future. We plan to watch developments in the negotiations between the central and prefectural governments. Should it become clear as to what kind of projects will be incorporated in the ICC and how they will be undertaken, FLALUMP, for its part, can give advice to individual landowners. The problem is, we do not see any of that.

[OKINAWA TIMES] Is the lack of sufficient explanation by the prefectural government one of the reasons for FLALUMP's opposition to the ICC?

[Shinjo] Yes, that is right. The ICC seems to have been floating around for a few years, but we have never heard anything about it. The prefectural government has not given us any explanation on it at all. It appears that lately, the prefectural government wants to hold this briefing for us merely to prove to the central government that it is working on the ICC with the landowners' consent. If the prefectural government wants to design a plan, it should discuss matters with local authorities and residents and build up the plan properly. Right now, however, local landowners feel extremely distressed. The prefectural government should build up its plan by starting at the bottom and gaining the landowners' consent.

[OKINAWA TIMES] Since last year, there has been mounting pressure in Okinawa demanding the realignment and reduction of military bases here. It appears that FLALUMP's opposition at this time to the return of military bases runs contrary to the Okinawan people's sentiments.

[Shinjo] That cannot be helped. We landowners have seen many cases in which returned land was converted to other uses. Past cases show that it took between seven to 10 years after the land was returned to complete the land replotting and improvement projects that were

involved in the process of converting the land to other uses. The land replotting project at the Ameku District [former Makiminato housing area] is the foremost example; we do not want to see something like that happen again. Hardships always befall the landowners. Our livelihoods are at stake. This time, we have to speak out on our own behalf.

[OKINAWA TIMES] What is stalling the projects to convert returned military land to other uses?

[Shinjo] There has been a lack of communication among administrative officials, landowners associations, and individual landowners. In some districts, they may be spending sufficient time for discussions, but I doubt that it holds true for most parts of Okinawa. Sufficient time is necessary to complete a task. We must all try to work together.

[OKINAWA TIMES] It appears that some landowners are opposed to drawing up land conversion projects, claiming that it will hasten the return of military bases.

[Shinjo] There may be a few among the 28,000 landowners in Okinawa who are saying so, but they comprise only a very small minority. FLALUMP, for its part, wants all landowners to share hardships and cooperate with each other. If there are any dissidents, we try to band together to deal with the situation.

[OKINAWA TIMES] What is your outlook on the progress in the realignment and reduction of U.S. Forces installations on Okinawa?

[Shinjo] I personally believe that in consideration of current circumstances, further progress will be made in the realignment and reduction of military bases. Therefore, landowners associations in various districts must conduct thorough discussions with administrative authorities on land conversion projects and other relevant matters. There should not be any problems if administrative authorities stop going off on their own and instead hold thorough discussions with the landowners.

Japan: Envoy to U.S. 'Played Down' Bilateral Trade Dispute

OW2401005396 Tokyo KYODO in English
0005 GMT 24 Jan 96

[FBIS Transcribed Text] Washington, Jan. 23 KYODO — A Japanese envoy here Tuesday [23 January] played down the recent U.S. offensive on four major outstanding trade disputes with Japan.

"The U.S. insisted on the need for progress, and did not call for agreements by April," Ambassador Kunihiro Saito told reporters.

Noting that the trade imbalance between the two nations is improving, Saito said that trade disputes are unlikely to develop into a grave problem as long as the two nations continue efforts to resolve them through such occasions as informal discussions.

At a meeting here last week, U.S. Secretary of State Warren Christopher told Japanese Foreign Minister Yukihiko Ikeda that the two nations should cooperate over outstanding trade disputes in a bid to prevent them from overshadowing president Bill Clinton's rescheduled visit to Tokyo in April.

Christopher specified four issues — implementing the insurance accord, renewing the semiconductor agreement, liberalizing aviation rights, and bringing disputes over Japan's photographic film and paper market into government-level negotiations.

During a courtesy visit by Ikeda last week, Vice President Al Gore also sought Japan's commitments on the four trade issues.

Saito said. "Reaching agreements completely in all four areas is difficult...[ellipses as received] With the Japanese Government rejecting negotiations on some issues."

Japanese Prime Minister Ryutaro Hashimoto rejected the U.S. demands on the semiconductor and film issues when he was trade minister.

Japan: Official on Rejection of U.S. Trade Pressure
OW2401125296 Tokyo KYODO in English
1237 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — Japan will not succumb to intensifying U.S. pressure over access to its photographic film and computer chip markets, a senior Foreign Ministry official said Wednesday [24 January].

"Japan will not negotiate under the threat of section 301. That is our consistent policy," the official, who declined to be named, said in reference to the U.S. readiness to take retaliatory action under its 1974 trade law.

"Our policy will remain in place in the future," the official said.

Tokyo takes the position that the row over its film market between Eastman Kodak Co. of the United States and Fuji Photo Film Co. of Japan is not an issue to be negotiated between the two governments.

But Washington has been investigating Fuji on the basis of Eastman Kodak's complaint that its Japanese rival has engaged in anticompetitive business practices in Japan, a move that could lead to the imposition of punitive trade sanctions.

The official also rejected another U.S. demand for renewing the 1991 bilateral semiconductor agreement, saying there is no particular problem over bilateral chip trade.

The semiconductor pact expires at the end of July.

While the U.S. is eager to renew the accord to keep Japan committed to at least a 20 percent market share for foreign chip manufacturers, Japan opposes the idea of maintaining a specific market share target.

U.S. Vice President Al Gore and U.S. Secretary of State Warren Christopher, in their meetings with Japanese Foreign Minister Yukihiko Ikeda in Washington last week, cited the need for progress in trade talks over the film and chip sectors.

Japan: MITI Official Comments on Trade With U.S.

OW2401115696 (Internet) Japan Economic Foundation WWW in English 23 Jan 96 (Tentative)

[“Provisional Press Conference Transcript” of news conference by Yoshihiro Sakamoto, vice minister for international affairs, with unidentified reporters in Tokyo on 23 January; from the “News from MITI, Press Conference” link: “The Emerging Markets of Latin America; Relations Between Japan and the United States of America; Japan's Position on the Japan-U.S. Semiconductor Arrangement; Timetable for International Trade Meetings in 1996; etc.” — Japan Economic Foundation WWW headline]

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MITI Press Conference Transcript 23 January 1996

This provisional transcript is based on the professional interpretation into English of the speaker's remarks, which were made in Japanese.

I. Introduction of the speaker

Director of the International Communications Office of the International Trade Policy Bureau Tsukasa Kawazu: Thank you very much for waiting, ladies and gentlemen. We would like to commence today's briefing by Vice-Minister for International Affairs Yoshihiro Sakamoto of the Ministry of International Trade and Industry. We will provide interpretation into English. This briefing today will be on the record. First of all, at the outset, Vice-Minister Sakamoto will make some initial remarks, after which questions will be entertained. I would like to ask all of you to state your name and affiliation when asking your question.

II. The Emerging Markets of Latin America

Vice-Minister for International Affairs Yoshihiro Sakamoto: Good morning, ladies and gentlemen. This will be the first briefing of the new year. Yesterday, the Ministry of International Trade and Industry hosted a reception to which foreign journalists in Japan were also invited. According to a reporter from AP, I was told that, among the top news events in 1995, the fourth and fifth place were taken by the sarin incident in Japan, as well as the Great Hanshin-Awaji Earthquake that we had in the Kobe area in Japan. Subsequently, Mr. J.W. Beagles, President of the American Chamber of Commerce in Japan (ACCJ), stated in his remarks that the best news of 1996 is the fact that 1995 is over. When I considered those two comments together, I thought that I was in total concurrence with the views of those two gentlemen.

Now, at the beginning of this year, in order to take part in the West-East Conference of Ministers of Economy, Industry and Trade, I visited the United States at the beginning of the year. I arrived in New York on 7 January, and traveled to Baltimore from New York, but because of the heavy snow, I was trapped for ten hours on the Amtrak from New York to Baltimore. In addition to that, when I arrived in Baltimore, I was informed that the conference itself had been canceled. So, that was a somewhat unlucky start to this new year for myself. On the other hand, however, I may be able to say that I was able to experience firsthand what a blizzard is actually like.

After that, for one week, starting from the 13 January, I visited some countries in Latin America. On that occasion, I visited three countries — the Republic of Chile, the Republic of Peru and the United Mexican States. This visit was not for any particular trade negotiation. The main purpose for my visit was, first of all, that I wanted to see with my own eyes the Latin American countries which are undergoing change, and

secondly, in order to have an exchange of views with my counterparts in Latin America.

If I can take this opportunity to share with you some impressions that I gained during my visit — generally speaking, I gained a very positive impression of these three countries in that all of these three countries are so-called emerging markets, and they are quite energetically pursuing a policy of economic structural change, as well as opening up of their markets to foreign capital. Of course, each of these countries is faced with various inherent issues, both economically and socially, and accordingly, they may not necessarily be able to enjoy a linear growth or path in their reform efforts. However, I was very much impressed by the way their leaders were exerting all possible efforts, for instance, in the eradication of terrorism, as well as restoring balance in their external accounts. At the same time, I felt very strongly that all of these three countries have a strong interest in working together and forging closer relations, not only with Japan, but with the Asian region as a whole, particularly with those countries of Asia that are now undergoing development and have great potential for further development in the future.

On the other hand, the Asian countries as well, I felt, were focusing very much on the Latin American countries which are now undergoing major change. I was informed that, for instance, Prime Minister Mahathir of Malaysia had also visited the Latin American countries, and also that ministers as well as prime ministers from the Republic of Korea and the People's Republic of China had visited the Latin American area. And coincidentally, while I was visiting that region, Deputy Prime Minister Amnuai Wirawan of the Kingdom of Thailand was also visiting the region, I was told. Therefore, I was also able to feel that the Asian countries, on their part, were paying very close attention and focusing on the Latin American countries as well. Though, partly for the reason that the Latin American countries are geographically far away from Japan, and also because, up to now, economic relations may not necessarily have been very close between Japan and the Latin American countries, we may not have had a chance to visit there very often, for me, I was able to gain the impression that Asia and the Latin American countries, which are both regarded as emerging markets, will surely be having even closer relations in the future.

I will be winding up my remarks on my visit to Latin America; but before I do so I wish to mention that, in order to accelerate the transformation to a market economy which is now underway internationally in these newly emerging countries, Japan, as well as the Ministry of International Trade and Industry, would like to contribute in any way that we can. We would be

very happy if we could contribute to the development of these countries through, for example, extending yen loans for the development of social and other forms of infrastructure which may be lacking in these countries, as well as by providing technical cooperation in various areas, and also by making use of the experience we have gained in the Ministry of International Trade and Industry to help these countries to develop their small and medium enterprises.

III. Relations between Japan and the United States of America

Vice-Minister for International Affairs Yoshihiro Sakamoto: Next, I would like to touch upon relations between Japan and the United States of America. Regarding relations between Japan and the United States, as you are well aware, at the beginning of this year Minister of Foreign Affairs Yukihiko Ikeda visited the United States at an early juncture and had an exchange of views with Cabinet members of the United States. Also, as you are, I am sure, well aware, at the beginning of this year there was a change of administration in Japan, from the former Murayama Government to the Government of Prime Minister Ryutaro Hashimoto, former Minister of International Trade and Industry. In this way, a new administration has also started in Japan. In Prime Minister Hashimoto's Policy Speech, it has been stressed that, for Japanese foreign policy, the relationship between Japan and the United States is the most important relationship, and the basis for our foreign policy. Of course, it goes without saying that the most important point is the political dimension, that is redefining the Japan-U.S. security arrangements. In that context, regarding trade issues, which are the responsibility of the Ministry of International Trade and Industry, our position of resolving trade issues without having to necessarily politicize those issues has been conveyed from the Minister of Foreign Affairs of Japan to the United States side. Also, during that meeting, it was agreed that Japan and the United States in cooperation will make the visit of President William Clinton of the United States to Japan in April of this year a success. This was the very start of Japan-U.S. relations for this year, and in that sense, I consider that we have had a good start in our relations.

IV. Japan's position on the Japan-U.S. semiconductor arrangement

Vice-Minister for International Affairs Yoshihiro Sakamoto: Now, among the press reports in this relation, there have been some touching upon the future handling of the semiconductor arrangement between Japan and the United States; so I would like to take this opportunity to briefly touch upon the Japanese

position regarding the semiconductor arrangement. The Japanese position regarding this issue has already been repeatedly made known when Prime Minister Hashimoto was the Minister of International Trade and Industry, and that position of Japan remains unchanged. It is our understanding that the Japan-U.S. semiconductor arrangement has accomplished its historical role and is to be terminated in July. This is a point that was also stressed by Minister for Foreign Affairs Ikeda when he met with the United States side. Accordingly, we do not have any intention of renewing or extending the agreement in any way. An arrangement of this type, which assumes government intervention in the market, should and must be discontinued. On the other hand, the Government of Japan is promoting deregulation, and any intervention in the market by the Government must be discontinued as soon as possible, and as much as possible. This is the policy that has been imparted from the previous Administration, and it is also a policy that is being stressed by Prime Minister Hashimoto. As part of that policy of Japan, we should withdraw from any government intervention in the market, which is the premise of the semiconductor arrangement. At the same time, the results, which had been the initial objective of the semiconductor arrangement, have now already been accomplished in the Japanese market, and I consider that we no longer have a situation in the Japanese market where there is anything that must be removed by having the Government intervene.

Also, from the standpoint of the actual situation faced by industry, I believe we can observe major changes in the semiconductor industry worldwide over the past ten years or so. Also, among Japanese and U.S. companies, we can see a situation where each company is beginning to specialize in its areas of strength. For instance, if I may raise a very good example — U.S. companies are very strong in MPUs [expansion inkknown], whereas the strength of the Japanese companies is in the memory field. Based on the strengths of each company, specialization in the industry is emerging. At the same time, exports and imports are not only undertaken in the form of semiconductors alone. For instance, there are cases where U.S.-made semiconductors are exported to Asian countries, where they are incorporated into boards and subsequently shipped to Japan. This would not be counted under semiconductor trade, but these changes in the form of transactions are being seen in actual practice in the market. Also, in the semiconductor industry in Asia — for instance, companies such as Samsung from the Republic of Korea are strikingly, remarkably, increasing their volume of production. Therefore, these changes from various different perspectives are now being seen in the global semiconductor market. Therefore, I believe it is fair to say that an agreement

whose purpose is to increase market share by covering only purchases in the Japanese market, and focusing on the nationality of the semiconductor by its maker's capital affiliation has already lost its meaning, and has, de facto, become meaningless. This is because of the various complicated forms of transactions that are now being seen in practice in the semiconductor market, and the accompanying changes that are now underway in the global semiconductor industry; consequently, a bilateral agreement which focuses only on purchases in the Japanese market based on nationality of semiconductors by their makers' capital affiliation has lost its meaning.

We have prepared some reference material regarding the history of the semiconductor arrangement, as well as the structural changes that are now seen in the semiconductor industry, as I have briefly described just now. So, any of you that are interested, I encourage to take a copy with you on your way out.

V. Timetable for International Trade Meetings in 1996

Vice-Minister for International Affairs Yoshihiro Sakamoto: Last but not least, since we are at the beginning of this year, I would like to briefly touch upon the timetable of some trade matters which are now being scheduled for this year. On 1-2 March in Bangkok, Thailand, the first Asia-Europe Meeting is scheduled to be held. As preparation for that upcoming summit meeting, around the middle of February, the Ministry of International Trade and Industry is scheduled to take part in a preparatory meeting where the economic ministers taking part in the Asia-Europe Meeting from the Asian side will meet together. Also, from 19-21 April, the Quadrilateral Meeting of Trade Ministers will be held in Kobe, hosted by the Ministry of International Trade and Industry. In addition to that, the Organisation for Economic Co-operation and Development (OECD) Ministerial Meeting will be held on 22-23 May in Paris — this is annual event which you are aware of. The G-7 Summit is scheduled to be held in Lyon, France from 27-29 June. Also — another event that is held every year — the APEC Economic Leaders Meeting, will be held in the Republic of the Philippines around November of this year, and prior to the APEC Leaders Meeting, an APEC Trade Ministers' Meeting is scheduled to be held in New Zealand during the summer. Also, at the end of the year, the first World Trade Organization (WTO) Ministerial Conference since the establishment of the WTO is scheduled to be held in Singapore. These are the economic/trade-related events that have been scheduled so far. This concludes

my initial presentation. I would be happy to entertain any questions.

Q: where is the preparatory meeting among the Asian economic ministers being held?

Vice-Minister for International Affairs Yoshihiro Sakamoto: I am not sure. I know that it is somewhere in Thailand, but I am not sure of the exact place. I will have someone check and inform you later.

VI. Japanese Trade and Investment in Latin America

Q: I have a question about Latin America. How much scope do you think there is for increasing Japanese trade and investment in this region given the constraints of NAFTA? Specifically, what type of Japanese investment — you mentioned infrastructure, for instance, which I imagine is a reference to OECF loans — what about mining and manufacturing? How much scope is there for additional Japanese investment in those sectors in Latin America? One final question — you also mentioned MITI helping Latin America with SMEs [small emerging economies] — what is the purpose of this? Is it largely to provide a sort of local support structure for Japanese enterprises that are investing in Latin America, developing the small and medium sized enterprises structure?

Vice-Minister for International Affairs Yoshihiro Sakamoto: As you have mentioned, the countries that I happened to visit this time were Chile, Peru and Mexico, and among those countries, only Mexico is currently any part of NAFTA. But as you are well aware, there is a possibility that Chile may also join in the future. Therefore, if I may start off with Mexico — as you have correctly pointed out, there is the issue of rules of origin. Accordingly, I would consider that, from here onwards, in our relations with Mexico, there will be a shift in emphasis from trade to investment as much as possible, in order to enjoy the benefits of the North America Free Trade Agreement (NAFTA). Having said so, however, even if investments are made, since the supporting industry to supply, for instance, the automobile industry and so forth, has not yet been fostered and developed, therefore, I would assume that for some time there would continue to be a relationship where parts and components, as well as capital goods, that are necessary for the manufacture for automobiles, or electrical appliances and other final products, would be exported from Japan to these countries. I would assume that such a relationship will continue for some time even after investments are made.

Now, turning to investments from Japan, of the three countries that I have visited this time, I consider that,

compared to the European countries or the United States, Japanese investments are lagging behind in the case of investments to Chile and Peru. The trend towards privatization of state-owned enterprises is clearly appearing in these countries, but it seems that Japanese companies have now taken part in only one such case, in Chile. Also, as was mentioned earlier, I would say that the mining sector would be a potential future destination of investment in Chile and Peru. But at the present moment, my impression was that Japanese companies are somewhat timid toward investment. Having said so, however, if there is a continuation of political stability hereafter and as consistency is maintained in the open-door policy as well as in the policy of transition to a market economy in these countries, I feel that most probably there is great potential that Japanese companies will start to turn their eyes toward these South American countries.

In response to your point about the development of small and medium enterprises — rather than this being for the purpose of helping investments from Japan, our helping the development of small and medium enterprises in these countries is in response to the strong wish of the Governments of, for instance, Chile or Peru, to be able to process their resources, such as their fishery resources, in order to export these products in more value-added form. Accordingly, our help in the development of small and medium enterprises is more in response to the expectations of these respective Governments of the Latin American countries. Also, there has been more or less a concurrence of views between our side and the Governments of these countries that there is a possibility of cooperation on various technical aspects, as a first step — such as increasing productivity, enhancing marketing activities, or helping in factory management. If I may just add one more point — in the case of Peru, the textile industry is an industry which is developing quite widespread business activity, and I consider that we can be of help, for instance, in the marketing as well as enhancing the quality of their textile industry. So, we are not yet at the stage where we will immediately have Japanese companies make investments to the small and medium enterprises in these areas; but rather, we are envisaging, as a first step, cooperation in these technical areas, in keeping and in response to the wishes of the people in these countries.

Your earlier question about the preparatory meeting to be held in Thailand — it is to be held at a place called Chiang Mai.

VII. The Semiconductor Issue Between Japan and the United States

Q: On the subject of semiconductors and the United States — Japan has made its position clear. The United States has also made it clear that it would like some sort of extension or roll-up or something. Will there be talks on the subject, or is Japan refusing to discuss it?

Vice-Minister for International Affairs Yoshihiro Sakamoto: Even if we were to have talks, I am extremely doubtful to what extent we would be able to obtain any constructive results. However, at the same time, it may give a strange impression to not have any discussions at all on a trade issue. So, this is a difficult choice. But if you were to ask me whether I would like to have talks, I really am extremely doubtful to what extent we would be able to obtain any constructive results; and conversely, I do have concern that talks might rather end up generating confrontation. So, this is a difficult choice. However, if the other side expresses a wish to have talks, as the chief negotiator, I intend to at least listen to what they have to say.

Q: There has been no request thus far?

Vice-Minister for International Affairs Yoshihiro Sakamoto: Not up to this point.

Q: You said the arrangement should not be renewed because it is undesirable for the Government to intervene in the market. But when the arrangement was negotiated in the first place, do you think it was desirable at that time, even, for the Government to intervene in the semiconductor market?

Vice-Minister for International Affairs Yoshihiro Sakamoto: Even at that time, it was not our judgment that it was desirable to intervene. Initially, the intent of this effort was not necessarily to achieve the objective through government intervention. Having said so, since the Government had also recognized the so-called expectation, when there arose a possibility that the private sector alone might not be able to achieve that objective, there were cases where we have encouraged the use of foreign semiconductors; but that was, after all, only indirect encouragement to the private sector companies, and the basic principle that the decision to buy was to be made by the private sector companies was there from the very beginning. VIII. Regarding Auto and Auto Parts Consultations Between Japan and the

United States of America

Q: Going back to the previous question about semiconductor talks — are you envisioning an official or informal meeting? That is my first question. The other one is

about the auto talks — in mid March, I guess, the USTR is planning to release some kind of monitoring results of Japanese auto dealership access conditions in mid-March. My question is: is the Ministry of International Trade and Industry preparing some reports or planning to take any actions?

Vice-Minister for International Affairs Yoshihiro Sakamoto: In response to your first question, the Government has not yet decided in any way whether talks would be official or informal, or whether talks should be held or not in the first place. This is to be decided upon seeing the approach and reactions of the U.S. side.

In response to your second point, regarding the auto talks, what has been decided between Japan and the United States is to hold annual consultations — that is, consultations once a year — to assess the status of progress of the agreement. That is the only thing that has been agreed to. This matter of March is something that the United States side is talking about unilaterally, on their own. So, there has not been any decision or any agreement whatsoever between our two countries about doing anything in March.

Director of the International Communications Office of the International Trade Policy Bureau Tsukasa Kawazu: I am sorry; because of time constraints, Vice-Minister Sakamoto has to leave very soon. So, very brief questions would be appreciated.

IX. On the Separation of Trade and Politics

Q: You mentioned the desire to keep trade and politics separate as much as possible. Two things. This is a U.S. presidential election year — are you confident that Japan can stay out of becoming an issue, directly or indirectly, in the election? That's one. The second one — more and more, trade and jobs are becoming linked around the world, even in Japan. Given this trend, this growing perception among very local politicians, do you think that, over time, trade and politics can remain relatively separate?

Vice-Minister for International Affairs Yoshihiro Sakamoto: In response to your first question, I consider that if trade issues become politicized, it will invite unnecessary negative social reactions in both countries, and I am confident that the United States side also shares such an understanding. So, even in an election year, I am sure that the United States side shares my understanding that we would like to deal with trade issues as quietly as possible.

In response to your second question, of course, trade and employment cannot be separated. But having said so, it does not have to be dealt with in any confrontational

way; but rather, by having both countries take measures to increase the volume of trade, these issues of trade and employment can both be resolved in a positive direction, and I believe it does not necessarily have to be dealt with in a confrontational manner.

I am terribly sorry to stop this meeting, but I have to go to a funeral. I am terribly sorry. Thank you very much for coming and talking with me. If we have a further chance, I am very happy to talk with you at any time.

X. Additional Announcements

Director of the International Communications Office of the International Trade Policy Bureau Tsukasa Kawazu: At this time, I would like to say that we are going to have a similar kind of briefing in March. I want to give you another piece of information for the Kagoshima Prefectural Government. My friends in Kagoshima Prefecture told me that they are now planning to have some kind of invitational tour for foreign correspondents. It may be a two-and-a-half day trip from Tokyo to Kagoshima. If you are interested in this tour, please contact us. Then, I will let the Kagoshima Prefecture people know your name, and they will give you some information and application forms. They said they are going to invite you. This tour will be held also in March. Thank you very much.

Japan: Trade Surplus Falls First Time in 5 Years

OW2401045696 Tokyo KYODO in English
0223 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — Japan's merchandise trade surplus in 1995 posted its first decline in five years, mainly through an increase in imports, the Finance Ministry said in a preliminary report Wednesday [24 January].

The trade surplus dropped 11.4 percent from the previous year to \$107.10 billion.

The politically sensitive trade surplus with the United States also scored its first decrease in five years, falling 17.0 percent to \$45.56 billion, the ministry said.

A ministry official said, "Japanese imports have been continuing to rise, with their growth rate far surpassing an increase in exports."

"With progress in economic structural reforms, Japan's trade surplus is expected to fall further," the official said.

On a customs-cleared basis, Japan's overall exports in 1995 rose 12.0 percent to \$443.02 billion, posting an increase for the 13th consecutive year, the ministry said.

Imports for 1995 rose 22.3 percent to \$335.92 billion, marking the third successive year of increase, it said.

In 1994, Japan's global trade surplus rose 0.8 percent to \$120.8 billion, posting a record high for the third successive year. The figure also marked the fourth consecutive annual increase.

The surplus with the U.S. in 1994 also hit a record high of \$54.9 billion, which caused an increase of political pressure in the U.S. to further open Japanese markets.

The ministry also said the trade surplus for December 1995 came to \$10.95 billion, down 16.0 percent from a year earlier, and the figure has shown a decrease for six consecutive months.

December exports rose 4.6 percent to \$39.46 billion, marking 34 consecutive months of increase. Imports increased 15.4 percent to \$28.52 billion, also a 34th consecutive-month rise, it said.

Japan's surplus with the U.S. in December dropped 35.1 percent to \$3.60 billion, for the seventh straight month of decline, the ministry said.

In 1994, Japan's global trade surplus rose 0.8 percent to \$120.8 billion, posting a record high for the third successive year.

The figure also marked the fourth consecutive annual increase.

The surplus with the U.S. in 1994 also hit a record high of \$54.9 billion which resulted in U.S. pressure on Japan to further open its markets.

In 1995, however, Japan's trade surplus diminished from July through November.

In December alone, exports rose 4.6 percent to \$39.46 billion and imports increased 15.4 percent to \$28.52 billion, producing a surplus of \$10.95 billion, down 16.0 percent from a year before, it said.

Japan's black ink with the U.S. in that month dropped 35.1 percent to \$3.60 billion, extending the falling streak, begun in June, to seven months, the ministry said.

Japan: DA Chief Orders SDF to Golan Heights

OW2301092796 Tokyo KYODO in English
0836 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — Defense Agency chief Hideo Usui on Tuesday [23 January] ordered the dispatch of a 45-member Self-Defense Forces (SDF) transport contingent to the Israeli-held Golan Heights in the Middle East to support a UN peacekeeping mission there.

The contingent, including 35 soldiers from the Ground Self-Defense Force (GSDF), will be dispatched to the Syria-based UN Disengagement Observer Force

(UNDOF) in two groups Jan. 31 and Feb. 7 and will begin their main operations Feb. 23.

Usui issued the order to the GSDF Chief of Staff, Gen. Nobutoshi Watanabe, saying he hoped the troops would show the results of their daily training and realize the safe completion of their mission.

The SDF troops will be replacing Canadian peacekeepers in the UNDOF mission.

Some 29 soldiers will be engaging in actual transport work, while another 14 will do support work such as cooking and taking care of accounts and the troops' general welfare. Two officers are included in the dispatch.

Thirty-two SDF personnel will be stationed at Ziouani in the Golan Heights and 11 at Faouar, which is under Syrian jurisdiction and where the UNDOF headquarters are located.

Under the peacekeeping plan, Japan will also send 60 Air Self-Defense Force troops to crew two C-130 transport planes that will carry supplies for the Japanese mission during its tour of duty, which is scheduled to last for two years.

Japan: Institute Notes Increase of Tech Exports to PRC

OW1001121296 Tokyo MAINICHI SHIMBUN
in Japanese 10 Jan 96 Morning Edition p 3

[FBIS Translated Text] On 9 January, the Science and Technology Agency's National Institute of Science and Technology Policy issued a report entitled "Actual State of Japan's Technology Exports." The report says technology exports from Japan to China have increased, while exports to the United States have decreased.

To compile this report, the institute conducted a survey of 1,568 private companies with capital holdings of more than one billion yen; 920 firms responded. The institute asked them about the number of technology export contracts concluded during FY93 and compared it with figures from the previous year.

The survey found that the number of contracts during FY93 was 626, down from the previous year's 712. The FY93 figure includes 104 contracts for exports to South Korea, which was the largest import country that year. The number of contracts for exports to the United States during FY93 was 100, a drastic decrease from 142 in the preceding year. Meanwhile, the number of contracts for exports to China increased from 56 to 80.

The institute attributes the decline in technology exports to the prolonged recession. It also presumes that the

increase in exports to China is attributable to progress in the PRC's open-door policy and the change of place in which Japanese companies are now making inroads from Southeast Asia to China, where labor cost is low.

Japan: China Airline's Hiroshima-Xian Route Approved

OW1801142796 Tokyo KYODO in English
1359 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — The Ministry of Transport [MOT] on Thursday [18 January] approved a plan by China Northwest Airlines to inaugurate a flight service between Hiroshima and Xian via Shanghai on Feb. 6, a ministry official said.

According to the official, the Chinese airline will operate two weekly flights between the two cities.

The ministry's approval brings to four the number of international air routes to and from Hiroshima airport, following those connecting Seoul, Hong Kong and Singapore with Hiroshima.

Tokyo Considering Import Limit on PRC Vegetables

OW1801101996 Tokyo KYODO in English
0951 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — The Agriculture, Forestry and Fisheries Ministry has begun considering levying emergency import restrictions on Chinese vegetables as their sharp increase is seriously affecting domestic growers, ministry officials said Thursday [18 January].

Garlic is the no. 1 candidate for the "safeguard" measure permitted by the World Trade Organization when a steep increase in inexpensive imports gravely affects domestic production, the officials said.

The farm ministry is also considering limiting imports of ginger, taro and other vegetables from China, they said.

The safeguard is applied in the form of either an increase in tariffs or quantitative restrictions on imports.

Japan's vegetable imports jumped 25 percent in 1994 over the previous year to \$2.8 billion and increased further in 1995, helping push down domestic vegetable prices.

Garlic growers in Aomori Prefecture are already being hurt by the imports, the officials said.

Last summer, the ministry informally asked the Chinese Government for voluntary restraints on exports of garlic and some other vegetables to Japan. China has not acted on the request.

Objective criteria for proving that domestic growers of vegetables have been actually affected have yet to be established, making it difficult for the Japanese Government to invoke safeguard steps on Chinese vegetables, the officials said.

In view of Japan's huge trade surplus, the Ministry of International Trade and Industry has called on the farm ministry to take international relations into account in considering the application of the safeguard, the officials said.

Japan: Military Strength of PRC, Taiwan Analyzed

OW2101105296 Tokyo ASAHI SHIMBUN
in Japanese 19 Jan 96 Morning Edition p 4

[Article by Shunji Taoka, member of ASAHI SHIMBUN editorial board]

[FBIS Translated Text] According to the results of a public opinion poll ASAHI SHIMBUN disclosed on 11 November 1995, 73 percent of the Japanese people hope for the reduction of U.S. military bases in Japan while 64 percent approve of maintaining the Japan-U.S. Security Treaty. Regarding the fact that Japan is shouldering 70 percent of the expenses for stationing the U.S. Forces, 73 percent said it is "too much." Reduction of bases and troop strength of the U.S. Marine Corps [USMC], which accounts for 18,000 of the total 28,000 U.S. servicemen stationed in Okinawa, has become the focal point at issue. However, quite a few people cite tense relations between China and Taiwan as a reason for not reducing the USMC units. As a warning against Taiwan's independence, China has declared that it would "resort to arms" and has repeatedly conducted menacing military exercises. However, is China capable of invading Taiwan by crossing the Taiwan Strait, with the shortest distance being 150 kilometers? Moreover, how would USMC units deal with the Chinese invasion? We will study these issues.

President Li Teng-hui (73), who was born in Taiwan and studied agriculture at Kyoto University, has introduced the policies of democratization and modernization of its military strength since he was promoted to president in 1988 after the late President Chiang Ching-kuo's demise. However, these policies may appear ominous to China.

Democratization means that the [native] Taiwanese, who account for 87 percent of Taiwan's population and strongly call for independence, will have decisionmaking power in politics.

President Li has been modernizing Taiwan's military strength at a considerably faster pace than China by taking advantage of its gross national product, which

accounts for about 47 percent of China's, and foreign exchange reserves, which is the second largest in the world.

Taiwan is procuring 340 fighters, including 150 U.S.-made F-16C's and F-16D's, 60 French-made Mirage-2000's, and 130 supersonic domestically produced "Ching Kuo" light fighters. This is equal to the total number of fighters that Japan possesses. It seems that about 50 "Ching Kuo" fighters have already been delivered. In addition, Taiwan has 270 F-5E and F-5F sophisticated fighters manufactured in the United States.

Moreover, of the eight of E2-C early warning and control aircraft equipped with large radars that Taiwan has ordered, four have already been delivered. Taiwan also has procured 42 AHIW attack helicopters. In addition to deployment of "Tien Kung-I" and "Tien Kung-II" counter-air missiles, Taiwan has placed orders for the U.S.-made "Patriot PAC-2," which is capable, though to a limited degree, of intercepting ballistic missiles.

The Taiwanese Navy has placed orders for eight "Cheng-Kung"-class (named after Cheng Cheng-kung, a half-Japanese admiral of the Ming Dynasty) frigates modeled after O. H. Perry-class frigates (with a water displacement of 4,150 tons) and 16 French-made most advanced La Fayette-class frigates (of 3,500 tons). Four Cheng Kung-class frigates have been completed.

Although Taiwan has obtained two Netherlands-made Zwaardvis-class submarines (of 4,640 tons), the procurement plan has been suspended because of China's pressure on the Netherlands. However, the Taiwanese Navy plans to buy more submarines from other nations because it has a budget to purchase 10 more.

Taiwan intends to complete all its military modernization plans around 1998. Since Li Teng-hui is certain to be reelected in the presidential election on 23 March, it seems likely that Taiwan will be able to build up a strong naval and air force by 2000 when his term expires.

China Falling Behind in Military Modernization Due to Financial Difficulties

On the other hand, in spite of its rapid economic growth, China has suffered serious financial deficits for consecutive years since 1986. For fiscal 1995, China had no choice but to compile an initial budget with its financial deficit estimated at 27 percent. In China, there are no tax-collecting agencies directly under the central government's jurisdiction. Therefore, each province is requested to turn in part of its tax revenues. With this system known as the "economy depending on

feudal lords," China has made quite some progress in decentralizing its administrative power. Under such a situation wherein "higher authorities have policies while localities have their countermeasures," it is difficult for China to manage its finances.

According to an announcement, China's defense budget has increased from 28.9 billion yuan in 1990 to 63.1 billion yuan (approximately 800 billion yen) in 1995, an approximately 2.2-percent increase at face value in five years. However, during this period, commodity prices have increased 1.6 times, and the actual economic growth rate is not as high as is generally reported. Although it is observed that China will use foreign currency obtained from arms exports to procure sophisticated equipment, a U.S. Arms Control and Disarmament Agency survey reports that China's arms exports sharply decreased to \$950 million in 1993, with its peak reaching \$3 billion in 1988.

For this reason, China has fallen behind in modernizing its military strength. China possesses only 50 Sukhoi-27 fighters, with 26 units imported from Russia around 1991 and 1992, and an additional 24 units were ordered last year. The Chinese Air Force [CAF] has about 5,000 fighters and attack aircraft, including MiG 17's, 19's, and 21's — the first flights of these fighters were made in the former Soviet Union in the fifties — as well as their modified models. However, all these fighters are going out of commission now. To replace 5,000 aircraft by importing only 50 is like throwing water on thirsty soil.

Contrary to the popular opinion that "the Chinese Navy is advancing into the ocean," its strength has actually dropped. According to JANE'S NAVAL WEAPONS SYSTEMS, China was estimated to possess 63 operational submarines in 1990, but the number dropped to 48 in 1995. It is because while all Romeo-class submarines, which were designed by the former Soviet Union and mass-produced in the sixties and seventies, will be going out of commission, about one replacement submarine can be built a year.

Numerically speaking, the Chinese submarine fleet is mainly composed of Romeo-class submarines, a model based on Model-21 U-boats developed in Germany in 1944 and mass produced by the former Soviet Union in post-war years. China imported two Kilo-class submarines (with equipment for ordinary propulsion) from Russia and ordered two additional units last year, thereby obtaining sophisticated submarines for the first time. China has built five "Han model" nuclear-powered submarines by itself. However, it seems that the project has been discontinued because of various problems. For

example, it can be easily detected because of radioactive leaks and a serious noise problem.

China built 56 destroyers and frigates in 1990 and 52 in 1995. About the same number of vessels have been replaced. However, since nearly all newly built vessels are equipped with old-fashioned arms or control systems, they cannot be compared with the Taiwanese Navy's.

Further Increase of Disparity in Naval, Air Force Strength

From 1958 till the early sixties, the Taiwanese Air Force won an overwhelming victory in air battles over the Taiwan Strait. It also maintained air and sea command in the Taiwan Strait area in the eighties when the United States had to support China's military modernization because of its anti-Soviet strategy. In this way, Quemoy and Matsu Islands, located the closest to Mainland China, were put under Taiwan control. The disparity in Naval and Air Force strengths will be further increased in the near future.

If Taiwan, which has achieved democratization, succeeded in its economic development and enhanced its military strength and then declared its independence, it would not be merely a question of authority to China. In [the PRC] economy, local governments "have become independent kingdoms," and control has become loose with the military participating in commercial activities. Under such circumstances, if Taiwan should openly declare its independence, the trend may expand to other localities. It is observed that in speaking openly about invasion and in launching its ballistic missiles into the waters 140 km north of Taiwan and conducting landing exercises and nuclear tests since last year, China seems to be aiming at assisting the New Party [of Taiwan] in winning the Legislative Yuan election held last December. The New Party is mainly composed of non-Taiwanese [Mainland Chinese who immigrated to Taiwan with Chiang Kai-shek in 1949] who are opposed to Taiwan's independence. The New Party has increased its parliamentary seats from seven to 21. However, since the percentage of votes it has obtained reaches only 13 percent, which is equal to the population ratio for non-Taiwanese, the New Party is unlikely to gain more seats.

There is an argument that since China has taken its line of imposing a military threat, it will be difficult for China to just sit idly by and watch Li Teng-hui's reelection in the presidential election scheduled for this March; it will probably take some actions prior to the election. However, all Japanese intelligence sources have reached a consensus that there is a low possibility of China invading Taiwan.

Since the CAF is mainly composed of MiG-19's, which are outdated and only a few of which are now operational, it is questionable as to whether the CAF will be able to deprive the air command over the Taiwan Strait from the Taiwanese Air Force, which is composed of over 300 aircraft, including "Ching Kuo" and F-5E fighters. Taiwan also has 240,000 well-equipped active troops and over 1,000 tanks as well as over 1.5 million reserve troops. To invade Taiwan, China will probably need to move across the sea at a strength of at least 10 divisions and supporting forces of 200,000-300,000 troops. Since it will take vessels of about half a million tons to transport one division, it will take vessels of 5 million tons to transport 10 divisions. Since China has 2,700 commercial vessels of 100 or more tons with the total tonnage reaching 1.6 million, about one-third of these vessels will have to be mobilized. Moreover, to launch an invasion, China will have to store several hundred-thousand tons of materials, including ammunition, fuel, and foodstuffs.

It will take several months to make these preparations. However, since there are no indications that such preparations are in progress now, it is observed that it is impossible for China to launch a large-scale invasion prior to the presidential election, which will be held in two months.

It is also observed that China can launch a sudden crossing of the sea by fishing boats but Taiwan is over 200 km from Fuzhou and other places that may serve as starting points. Since it will take over 10 hours for fishing boats to cover this distance, they will become targets for attack helicopters. Moreover, without tanks, cannons, and other supplies, troops will merely be sacrificed even if they do manage to land.

It is possible for China to resume its shelling of Quemoy and Matsu Islands or launch air raids on Taiwan even at the risk of serious damage. However, it is most likely that these actions would result in certain disadvantages. For instance, China will not be able to control Taiwan by merely taking such actions, these actions will bring about obstacles to the return of Hong Kong scheduled for April next year, and foreign investment in China may be suspended.

Deployment in Okinawa Lacks Persuasive Force

The United States established diplomatic relations with China in 1979. While Taiwan is recognized as part of China, it is stated in the Taiwan Relations Act that peace and stability in Taiwan is of concern to U.S. interests. While maintaining this inconsistent position, the United States cannot easily shift its position because of various complicated factors. For example, it maintains close

economic relations with Taiwan, its industrial circles intend to seek further advance into the Chinese market, and there is a group of powerful Taiwan lobbyists in the United States.

The U.S. munitions industrial circle has also set its eye on the Chinese market. Last November, Joseph Nye, U.S. assistant secretary of defense, visited China to seek "resumption of military exchanges between China and the United States." When senior Chinese military officers asked about U.S. actions if China uses force against Taiwan, Nye reportedly answered that "nobody knows."

Even if the United States should decide to give up the Chinese market to support Taiwan with its military strength, the key to protecting Taiwan lies in aerial and sea command of the Taiwan Strait. Therefore, it does not seem that there is any need to mobilize USMC units stationed in Okinawa to join in landing operations. The Taiwan issue has been cited as the reason for the presence of USMC units in Okinawa, but we can only say that such an argument is utterly unconvincing.

Japan: BOJ Chief Says Economy Heading Toward Recovery

*OW2401075096 Tokyo KYODO in English
0739 GMT 24 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — Japan's economy is finally on the road to recovery, though uncertainty remains in smaller nonmanufacturing businesses, Bank of Japan [BOJ] Governor Yasuo Matsushita said Wednesday [24 January].

Matsushita made the optimistic economic assessment at a regular press conference, citing recent improvements in public and housing investment, a moderate recovery in individual consumption, a pickup in corporate capital spending and a turnup in production.

Matsushita said, however, "since small-and medium-sized companies have continued suffering under severe business conditions on a broad front, especially in the nonmanufacturing sector, it remains uncertain whether the recovery trend will spread to the entire economy."

On monetary policy, Matsushita said the central bank will keep an easy credit stance.

Regarding last Saturday's meeting in Paris of top finance officials from the Group of Seven (G-7) industrialized nations, he said, "there is no change in the G-7 stance calling for orderly reversal so that currency rates may reflect the fundamentals of each economy."

The BOJ will keep close contact with other G-7 countries for continued cooperation in foreign exchange markets, Matsushita said.

The G-7 partners welcomed Japan's scheme mapped out at the end of December for the liquidation of troubled housing loan companies, he said.

"Each nation appreciated our serious efforts and expressed hopes for steady implementation of the scheme," Matsushita said.

Japan: MOF Says Economy 'Moving Toward Moderate Recovery'

*OW2401104496 Tokyo KYODO in English
0510 GMT 24 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — Regional bureau heads of the Finance Ministry agreed Wednesday [24 January] that signs of economic recovery are emerging, a ministry official said.

"Japan's economy is moving toward moderate recovery on a broad front, coming out of its long standstill, apart from the still-severe employment situation," the official said, summing up remarks at a meeting of the bureau chiefs.

The heads of the ministry's 11 regional finance bureaus began a two-day meeting in Tokyo on Wednesday.

At their previous meeting in September, the bureau chiefs reached the conclusion that the economy as a whole was at a standstill.

Summing up the assessment of regional economies given by the bureau heads Wednesday morning, the ministry said a recent series of government pump-priming measures has gradually generated effects, helping to moderately improve private consumption, corporate capital spending and housing construction.

On the back of these developments, production is also showing signs of moving toward recovery and corporate confidence is improving, it said.

Even in such regions as Hokuriku and Chugoku, whose economies are reported as remaining at a standstill, the outlook is optimistic with bright signs emerging, it said.

As for the nationwide economy, the ministry said individual consumption, notably of durable goods such as passenger cars and consumer electronics, has generally been on a moderate recovery trend.

Recovery is seen in housing construction, corporate capital investment is on a gradual uptrend in both the manufacturing and nonmanufacturing sectors, and public works projects remain at high levels, it said.

Employment conditions remain severe, with an excessive supply of labor, it said.

Corporate earnings are expected to increase from year-earlier levels for both the second half of fiscal 1995 and the full year to March 31, as a result of sales increases, cutbacks in personnel costs, reductions in interest burdens and the yen's weakening, it said.

Japan: BOJ Branch Officials Optimistic About Economies

OW2301114896 Tokyo KYODO in English
0943 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — Branch managers of the Bank of Japan (BOJ) on Tuesday [23 January] showed more optimism in regional economies, reporting growing moves toward recovery amid a rise in demand and production.

At their session at the BOJ's Tokyo head office, branch managers said economies in the Tokai and Kansai areas in central and western Japan have come out of the long doldrums and begun to move toward moderate recovery.

In other regions, economies have yet to emerge from a prolonged standstill, but there are growing signs of brightness, they said.

At a press conference after the meeting, Tadayo Homma, executive director of the BOJ and manager of its Osaka branch, said, "moves toward recovery have begun to be seen not only in sentiment among corporate executives but in the actual economic conditions."

The BOJ branch managers' two-day meeting started Monday and a plenary session of the managers for assessment of regional economies was held on the second day. Managers of 33 domestic branches and the representative office in Hong Kong participated in the meeting.

At the previous meeting in October, BOJ branch managers said regional economies remain at a standstill, while pointing out there are signs of business sentiment improving amid the dollar's rebound against the yen.

In a speech delivered at the start of the plenary session, BOJ Governor Yasuo Matsushita said, "with signs of a pickup in economic activity, the groundwork is now being laid for the economy's return to the road of recovery."

"The BOJ will maintain its present easy monetary policy for the time being to strongly support the economy's recovery, while keeping a close eye on developments in economic conditions," he said.

The latest assessment of economic activity presented by BOJ branch managers is similar to a report released ear-

lier this month by the government's Economic Planning Agency (EPA) on the state of the entire Japanese economy.

The EPA report said, "the economy appears to be emerging from its prolonged period of standing still, albeit gradually."

At Tuesday's session, most BOJ branch managers said public investment has been expanding, underpinned by the government's pump-priming measures to help rev up the economy.

They also reported a recovery trend in housing investment, corporate capital spending and personal consumption, while citing an upturn in production.

Osaka branch manager Homma said a pickup in public and housing investment was particularly noticeable in the Kansai region amid progress in reconstruction work following the devastating earthquake which hit the area in January 1995.

As one of the factors dragging down economic activity, many BOJ branch managers cited weak exports stemming from economic slowdowns in the United States, Europe and other countries. Most managers also said the employment situation remains tight.

Homma said, "to attain sustainable economic growth, it is necessary for the main engine of economic recovery to shift from public demand to private-sector demand."

"At this point, however, there remains uncertainty partly because Japanese companies are now under pressure which has resulted from various structural reforms," he said.

Japan: France Hopes for Japan's Execution of Jusen Scheme

OW2001155296 Tokyo KYODO in English
1523 GMT 20 Jan 96

[FBIS Transcribed Text] Paris, Jan. 20 KYODO — French Finance Minister Jean Arthuis on Saturday [20 January] expressed strong expectations for Japan to implement a scheme to wind up the moribund home mortgage loan companies, international monetary sources said.

Meeting Japanese Finance Minister Wataru Kubo, Arthuis threw support behind the controversial scheme to use 685 billion yen in taxpayer's money to cover expected losses in dissolving the seven mortgage lenders, the sources said.

Arthuis also urged Japan to be steady in carrying out the scheme, the sources said, noting that the housing

lender problem is not just limited to Japan but is a global concern.

Kubo was quoted as replying that he also perceives the issue as an international problem.

The Kubo-Arthuis meeting in Paris took place shortly before a meeting of top finance officials from the Group of Seven leading industrialized countries.

On the economic front, the French finance minister was quoted as saying economic growth in Europe has been slack but it is just a temporary phenomenon.

Tokyo's Cumulative 'Hidden Debts' Predicted To Rise

*OW2201112796 Tokyo KYODO in English
1004 GMT 22 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 22 KYODO — The cumulative amount of the so-called "hidden debts" held by the Japanese Government is estimated to swell to 43.11 trillion yen at the end of March 1997, up from the previous year's level of 41.6 trillion yen, the Finance Ministry said Monday [22 January].

The sum roughly matches 43.14 trillion yen in general account spending allocated under the fiscal 1996 national budget plan.

The debts are those created by manipulation of accounting figures and other technical measures taken by the government to make the size of budgetary spending appear smaller and that of revenues larger.

Those measures include a delay in mandatory payments from the government's general account to special accounts and the advanced allocation of funds from special accounts to the general account.

The outstanding hidden debt amount at the end of March 1997 includes 1.12 trillion yen in long-term debts held by JNR Settlement Corp., unchanged from a year earlier.

The government can use proceeds from sales of land and other assets owned by JNR Settlement Corp. to help repay its long-term debts, but must find fiscal resources in the future to cover the remaining debts.

JNR Settlement Corp. manages debts and assets left by Japanese National Railways, which was privatized and broken up into seven companies in 1987.

Under its budget plan for fiscal 1996 which starts in April, the government will limit the amount of funds created by account manipulation and other techniques to 1 trillion yen, down from 5.96 trillion yen for the current year.

Reflecting criticism that hidden debts have made it difficult to assess actual fiscal conditions, the government has decided to limit account manipulation to a minimal.

As part of such efforts, the government will resume regular allocations of general account funds to the national debt consolidation fund for the first time in four years.

Japan: Kajiyama on Use of Tax Money for Jusen

*OW2301092396 Tokyo KYODO in English
0808 GMT 23 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — The government should not assume use of tax money in a second scheme to liquidate seven troubled housing loan companies before making efforts to collect loans at the companies, the top government spokesman said Tuesday [23 January].

The government would financially help with the second scheme only when further use of public money is found inevitable after collecting the loans, Chief Cabinet Secretary Seiroku Kajiyama said.

The finance and farm ministries are discussing the second scheme, which is expected to be outlined Wednesday, he said.

The government drew up the first scheme in December, in which the proposed use of 685 billion yen in tax money is under fire from the public and the opposition camp.

Japan: Kubo Ready To Reveal More Information on Jusen

*OW2401114696 Tokyo KYODO in English
1120 GMT 24 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — The Finance Ministry is prepared to disclose more data on ailing home mortgage companies [jusen], which are earmarked for taxpayers-financed bailouts, at the request of the ruling coalition, Finance Minister Wataru Kubo said Wednesday [23 January].

"I think it is possible to meet the demands of the ruling tripartite coalition," Kubo said at a news conference.

The coalition, consisting of the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake [Harbinger], urged the ministry the same day to unveil the names of the top 100 borrowers at each of the nation's seven debt-ridden housing lenders.

The parties also asked for data on loans the companies have extended to clients introduced by the banks which

founded the firms in the 1970s, and demanded publication of the results of official inquiries into the firms, made in 1991, 1992 and last August.

Meanwhile, Kubo said he expects the ministry to draft a package by the end of the week for covering "secondary" losses on bad loans amassed by ailing mortgage lenders.

"(The ministry) hopes to compile a package before the House of Representatives budget committee begins deliberations," Kubo said.

But he declined to say when the ministry will reach a final agreement on the package with private financial institutions and other interested parties.

Under a government-engineered scheme for liquidating the nation's seven housing lenders, the companies will immediately dump irrecoverable loans and transfer recoverable bad loans and performing assets to a debt collection vehicle.

While the scheme calls for disposing of a 6.4 trillion yen loss on the irrecoverable loans, to be partly financed by taxpayers' money, it does not address "secondary" losses which could come on loans to be moved to the debt collection organ.

The government is likely to propose setting up a fund within Deposit Insurance Corp. to cover the possible extra losses, asking private financial institutions to inject some 1 trillion yen into the fund.

Japan: Coalition, NFP Request Jusen Information

OW2401140696 Tokyo KYODO in English
1339 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — The ruling coalition and the main opposition party Shinshinto [New Frontier Party (NFP)] submitted to the government Wednesday [24 January] lists of information they need to investigate financial mismanagement at debt-ridden mortgage lenders, parliamentary sources said.

The lists were handed in when the executive board of the House of Representatives budget committee convened to discuss a schedule for committee deliberations on the fiscal 1996 budget which calls for spending 685 billion yen on liquidation of the housing loan companies.

The coalition — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake — asked the government to unveil the names of the top 100 borrowers from the nation's seven ailing housing lenders and details of bad loans held by them.

They also called for disclosing information on loans the lenders extended to clients introduced by their bank

founders as well as official inquiries into the companies that were carried out between 1991 and 1992, and those conducted last August, the sources said.

Meanwhile, Shinshinto filed an 81-point request urging clarification of the reasons for using 685 billion yen of taxpayers' money for the liquidation, as well as of the companies' nonperforming loans and crime syndicates' involvement in their irrecoverable loans.

The Japanese Communist Party, a minor opposition group, is asking for information on political donations from the mortgage lenders.

The ruling camp and the opposition agreed to hold a preliminary session of the budget panel on Friday, in which the government will spell out the grounds of the fiscal 1996 budget.

The coalition proposed entering substantial budget talks on Monday, but Shinshinto had reservations, saying it wants to monitor document disclosure by the government before deciding on the schedule.

The coalition stressed the government should press ahead with disclosure, but noted that documents may have to be presented in secret sessions because they could affect the business of borrowers from the mortgage firms if released, the sources said.

Japan: MOF Drafts Plan for Secondary 'Jusen' Losses

OW2401105296 Tokyo KYODO in English
0938 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — The Ministry of Finance [MOF] on Wednesday [24 January] presented founder banks of seven ailing housing loan companies with its draft plan to cover losses that will be produced after liquidation of the companies known as "jusen."

The plan features a repayment guarantee to be provided by Deposit Insurance Corp. for 6.8 trillion yen in low interest loans which private financial institutions will extend to a body to be created to collect claims held by the seven housing loan firms, the officials said.

The loan will be comprised of more than 2.2 trillion yen to be put up by each of the groups of founder banks, nonfounder banks and agricultural financial institutions that have made large loans to the housing loan companies, according to the plan.

The scheme also envisages repaying the loan in one lump to all lenders after the claim collection period of 15 years, abandoning its earlier version that called for an earlier repayment to agricultural financial institutions.

Among other features, private financial institutions will set up a 1 trillion yen fund in Deposit Insurance Corp. to cover the secondary loss from the liquidation of the housing loan companies with profits on fund management.

The creation of the fund assumes participation by founder banks, nonfounder banks and Norinchukin Bank, the umbrella organization of agricultural cooperatives, in order to ease bankers' concern about shareholders' possible lawsuits against them.

Analysts said banks may come out against the planned guarantee of capital repayments because Deposit Insurance Corp. is financed by their own insurance premiums.

While the earlier Finance Ministry scheme estimated the secondary loss at 1.2 trillion yen, the latest one does not offer such an estimate.

There is a possibility that taxpayers' money may be used to deal with the secondary loss as in the case of initial losses, the analysts said.

After winning approval for the scheme from founder banks and other parties concerned, the Finance Ministry plans to submit bills for the liquidation of the seven housing mortgage companies to the current Diet session, ministry officials said.

Japan: Failed Housing Lender Moved Debts to Ghost Firms

*OW2001104796 Tokyo KYODO in English
1035 GMT 20 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO — Bankrupt mortgage lender Jyuso Inc. created three ghost companies in late 1992 to transfer collateral for about 37 billion yen worth of bad debts, sources close to the company said Saturday [20 January].

The sources said three ghost companies were created by the company in October 1992 when real estate prices plunged and liquidation of collateral was stagnant.

Data released by the government Friday showed that bad loans held by Jyuso totaled 1.29 trillion yen.

The total amount of bad loans held by seven housing loan companies, including Jyuso, topped 9.56 trillion yen.

The sources said the three dummy companies, named J-1, J-2, J-3 after the parent company, purchased 23 collateral items worth a total of about 37 billion yen from the parent company by March last year.

Jyuso reported latent losses of about 25 billion yen in the process due to a slump in land prices, they said.

The sources said the J-series companies were established to hide bad loans held by Jyuso by separating them from the parent company.

According to Jyuso's internal data, the company acquired about 6.9 billion yen worth of property in fiscal 1991 but managed to unload only 400 million yen worth of them.

J-2 purchased an office building from a major debtor to Jyuso for about 3.4 billion yen, enabling the borrower to repay a portion of loans, but the building still is held by J-2, the data showed.

Japan: Nuclear Plant Official Commits Suicide

*OW1301010896 Tokyo KYODO in English
0052 GMT 13 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 13 KYODO — An official of the government corporation that runs the prototype fast-breeder reactor Monju committed suicide by leaping from a Tokyo hotel Saturday [13 January] morning, police said.

The official was identified as Shigeo Nishimura, 49, deputy general manager of the General Affairs Department of the Power Reactor and Nuclear Fuel Development Corp. (Donen), police said.

Nishimura was a key member of an in-house investigation team over the controversial cover-up of the sodium leakage accident that led to the reactor's shutdown, police said.

He committed suicide the day after corporation officials had told a press meeting that the corporation headquarters was directly involved in the cover-up.

Nishimura was also present at the Friday press meeting at the Science and Technology Agency.

He left a suicide note in a hotel room, police said.

Police are investigating the case, suspecting that Nishimura committed suicide after being terribly distressed by the accident.

Donen was found to have issued false reports, suppressing and editing videos taken in the plant shortly after the Dec. 8 accident, apparently in an attempt to obscure the extent of the leak of sodium coolant that forced the shutdown of the reactor in Tsuruga, Fukui Prefecture.

On Friday, Donen realed that a video of the accident was brought to its Tokyo headquarters and a number of its officials had seen it. The existence of the video was also hidden from Science and Technology Agency investigators.

Japan: Donen Involved in Reactor Cover-up

OW1201132296 Tokyo KYODO in English
1245 GMT 12 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — The headquarters of the corporation that runs the prototype fast-breeder reactor Monju was directly involved in covering up the accident that led to the reactor's shutdown, corporation officials told reporters Friday [12 January].

The governmental Power Reactor and Nuclear Fuel Development Corp. (Donen) had said after a leak in the reactor's cooling system forced a shutdown of Monju on Dec. 8 that operators at the reactor site were responsible for the attempted cover-up.

Donen was found to have issued false reports, suppressing and editing videos taken in the plant shortly after the accident, in an attempt to obscure the extent of the leak of sodium coolant that forced the shutdown of the reactor in Tsuruga, Fukui Prefecture.

On Friday, Donen revealed that a video of the accident was brought to its Tokyo headquarters and a number of its officials had seen it. The existence of the video was also hidden from Science and Technology Agency investigators.

Newly appointed agency director general Hidenao Nakagawa said, "this is truly regrettable. I want to respond strictly in order that this thing does not happen again."

The video includes about 10 minutes taken around 2 A.M. Dec. 9 showing white smoke coming from the leak site.

In December, Donen chief Hiroshi Oishi apologized to the House of Representatives Science and Technology Committee and blamed technicians at the reactor site for the attempted cover-up.

An in-house investigation revealed that a copy of the video had been brought from Tsuruga to Tokyo on Dec. 9 by a Donen official and was seen by a number of people at Donen headquarters in Tokyo.

On Dec. 11, a former official involved in the construction of the Monju reactor told a person at Donen headquarters to hide the video and its existence was concealed Dec. 22 when agency investigators conducted their search.

Later in December, Donen replaced three senior officials for deliberately editing and concealing videos that had been taken inside the plant shortly after the accident.

Tsuruga is located on the Sea of Japan coast, some 300 kilometers west of Tokyo.

Japan: Governors Urge Clarification of Monju Accident Cause

OW2301124196 Tokyo KYODO in English
1130 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — The governors of three prefectures which together account for two thirds of Japan's nuclear power output urged the government Tuesday [23 January] to forge a national consensus over nuclear power in the wake of an accident which closed the nation's prototype fast-breeder reactor Monju in December.

The three governors — Eisaku Sato of Fukushima Prefecture, Ikuo Hirayama of Niigata Prefecture, and Yukio Kurita of Fukui Prefecture — put their case at a meeting in Tokyo with Prime Minister Ryutaro Hashimoto, Science and Technology Agency Director General Hidenao Nakagawa, and International Trade and Industry Minister Shumpei Tsukahara.

The governors told reporters after the meeting they will not accept a plan to use plutonium at a light-water reactor the government and power companies plan to introduce unless rigorous safety measures are introduced and the cause of the Monju accident is clarified.

They also indicated that a resolution on the Monju accident is a precondition for any increase in nuclear power facilities within their jurisdiction.

The governors said they are urging the government to ensure that the Atomic Energy Commission, an advisory body to the prime minister, accurately reflects the will of the nation and people living in local communities which host nuclear power stations.

They said they also want relevant government ministries and agencies to promote symposiums or public hearings on the issue, and that after this, the government should, if required, revise the nation's long-term plans for nuclear power use.

Hashimoto said after the meeting that he regrets the Monju accident and that he accepted the governors' proposals "with sincerity."

Monju was closed down on Dec. 8 after a major leak of sodium from its secondary cooling system.

Located in Tsuruga, Fukui Prefecture, on the Sea of Japan coast, it began operating last August and was scheduled to eventually generate 280 megawatts of electricity, making it the world's second-largest fast-breeder reactor after the French Superphenix.

The French reactor, however, has had its operation suspended indefinitely, and all other nuclear nations which had fast-breeder programs have abandoned them.

Fast-breeder reactors burn plutonium and produce more nuclear fuel than they consume. The Japanese Government plans to make fast-breeder reactors the centerpiece of its national energy policy for the next century.

Japan: 'Malfunctioned' Valve Causes Nuclear Plant Shutdown

*OW1501065596 Tokyo KYODO in English
0636 GMT 15 Jan 96*

[FBIS Transcribed Text] Matsuyama, Japan, Jan. 15 KYODO — A pressure valve malfunctioned in the secondary cooling system of the No. 3 reactor at the Ikata Nuclear Power Plant in western Japan on Sunday [14 January] evening as technicians shut down reactor operations for a routine check, the plant operator said Monday.

No radioactivity was released in the incident, according to officials with Shikoku Electric Power Co., which runs the 890-megawatt pressurized water reactor in Ikata, Ehime Prefecture, on the western tip of Japan's smallest main island of Shikoku.

The valve serves to lead out surplus steam from the heating of hygroscopic surface moisture from the reactor's turbine. It is designed to open only when pressure builds up inside. About an hour into the shutdown, however, which had started around 8:30 P.M. [1130 GMT] Sunday, the valve suddenly opened and failed to close again, the officials said.

Despite the trouble, plant technicians continued to shut down the reactor, bringing power generation to a complete halt at 1:45 A.M. Monday more or less on schedule, they said. The cause for the valve's malfunctioning has not yet been determined.

Japan: Nuclear Plant Fire Blamed on Spontaneous Combustion

*OW2401105596 Tokyo KYODO in English
1029 GMT 24 Jan 96*

[FBIS Transcribed Text] Shizuoka, Japan, Jan. 24 KYODO — Spontaneous combustion in paper cleaning towels impregnated with hydrogen peroxide solution caused a fire Saturday night at a nuclear power plant in Hamaoka, Shizuoka Prefecture, on the Pacific coast, the plant's operator said Wednesday [24 January].

Chubu Electric Power Co. officials said that to prevent a recurrence of the incident, they will in future separate materials which include flammable substances from other waste.

They said the towels are used to wipe up hydrogen peroxide solution spilled during the cleaning of sections contaminated with radioactivity, but that it appeared

the moisture in the solution had later vaporized leaving the more concentrated chemical to heat up, eventually causing the paper to combust.

The fire occurred at around 8:30 P.M. in a room in the plant's basement used for temporarily storing low-level nuclear waste — such as used protective clothing — before its incineration.

The fire scorched 12 plastic bags containing the waste before being put out with an extinguisher.

The company's officials said at the time that the fire did not affect the plant's operations or the environment.

Japan: NPC To Improve Framework for Nuclear Materials Export

*OW2401054896 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 23 Jan 96 Morning Edition p 3*

[FBIS Translated Text] In December of last year, the Nuclear Power Commission [NPC] formed a special international cooperation panel to debate the export of nuclear plants. Holding its first meeting as early as in February, the panel will start improving a framework for the export of nuclear equipment and technology. The special panel is comprised of people well versed not only in nuclear power but also in other areas, including economics and politics. The panel will work out the conditions for providing Asian countries with Japanese nuclear equipment and technology while preventing the proliferation of nuclear weapons.

The most important task that the international community is strongly concerned about is the prevention of nuclear proliferation. Except for such countries as India and Pakistan, most of Asian countries signed the Treaty on Nonproliferation of Nuclear Weapons (NPT) and are accepting nuclear inspections by the International Atomic Energy Agency (IAEA). As the DPRK (North Korea) has hinted, rejecting the IAEA's nuclear inspection over the DPRK's suspected nuclear weapons program, the current framework is inadequate.

Because of this, the NPC plans to make signing of the NPT and acceptance of IAEA inspections as the minimum requirement. Then, the panel plans to introduce a clear measure designed to apply the brakes on utilization of nuclear materials, made by using Japanese nuclear equipment, for military purposes.

Meanwhile, the Comprehensive Energy Research Council (advisory organ to the minister of international trade and industry) prepared an interim report in June of last year and confirmed the preconditions for exporting nuclear equipment. Among other things, the report says: 1) consideration must be given to nonproliferation of

nuclear weapons, and 2) there must be no problem in securing safety, disposing of nuclear wastes, and other matters. Starting in fiscal 1996, the same council plans to review complicated export procedures as well.

Currently, complicated procedures are involved in the export of materials needed for construction of nuclear plants. Needless to say, they cannot be exported to India or Pakistan, who have not signed the NPT. However, the nuclear power supplying nations' meeting (NSG) set detailed guidelines for other countries as well. The Export Trade Law, designed to control exports, is also in line with these guidelines.

For example if Japan wants to export even such general purpose materials as number control devices, it must obtain, among other things, a declaration of purpose and final location of such materials from countries that seek to import them. Importing countries also have to issue a declaration, guaranteeing that the material will not be used for the production of nuclear weapons. Procedures are more complicated for the export of materials that can be used exclusively for generating nuclear power, including pressure tanks.

Japan: Local Phone Company Reaches Accord With NTT

OW1601070196 Tokyo KYODO in English
0602 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Tokyo Telecommunication Network Co. (TTNet) plans to start full-scale local telephone services in April 1997 after reaching a pricing agreement with Nippon Telegraph and Telephone Corp. (NTT), a TTNet spokesman said Tuesday [16 January].

TTNet and NTT reached agreement on the cost TTNet would pay to use NTT's switchboards and local phone lines, the spokesman said.

They tentatively agreed to a charge of 4.05 yen per three minutes, which is lower than the 4.90 yen which NTT currently charges long-distance phone service providers for the use of its lines, the spokesman said.

The two companies will now negotiate ways to adjust equipment to access NTT lines and to share the costs for equipment adjustment, the spokesman said.

TTNet is affiliated with Tokyo Electric Power Co. It was established in 1986 as the first competitor to challenge the monopoly-like hold NTT has in the local phone services market.

TTNet has built phone networks since 1988 in the Kanto region, Tokyo and its vicinity, and has gradually

introduced local phone services. It mainly provides service to corporate customers.

TTNet was limited to one network connection to NTT's central switchboard in a prefecture, and this made TTNet's services twice as expensive as those offered by NTT.

In order to service households in the Kanto region from the 1997 fiscal year, TTNet sought inexpensive access to more of NTT's lines and switchboards, the spokesman said.

Last September, NTT announced that it will allow other telecom companies to use its local telephone line networks. The announcement was made partly to head off demands from some industrial sectors to break up the telecommunication giant into several entities.

The agreement reached between TTNet and NTT is the first concrete move to open the local phone network since NTT made its announcement, and it could pave the way for others to compete in the market, analysts say.

Japan: Deregulation To Require NTT To Open Lines

OW2301052296 Tokyo KYODO in English
0457 GMT 23 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 23 KYODO — The telecom ministry announced Tuesday [23 January] a set of deregulation measures which include requiring telecom giant Nippon Telegraph and Telephone Corp. (NTT) to allow its competitors to connect their communication lines into NTT local-area phone networks.

The move by the Posts and Telecommunications Ministry is aimed to promote new entry and competition in the local phone service market which might lead to lower consumer telephone charges.

The deregulatory measures are expected to be finalized by the government by the end of March.

The relaxation of rules also includes abolition of the telecom business classifications under which service operators are required to set up separate companies for each field of the international phone, domestic phone and mobile phone services.

The ministry plans to compile a manual shortly to inform new players in the telecom market about regulatory changes, ministry officials said.

Other regulations to be relaxed include those on consumer charges for mobile phones such as car phones and personal handy-phone systems. Under the current system, service operators must obtain approval from the

ministry for the rates they charge. But the system is planned to be changed by March next year so that companies will only be required to report about charges.

Providers of contracted phone lines will also be able to connect their lines with general phone lines by the end of this year, rather than next year as was initially planned.

In order to promote new participation in satellite digital broadcasting, the rule requiring the ministry's approval for consumer charges will be changed to only require a report to the ministry in advance of price changes.

Japan: Council's Task Force Urges Splitting NTT

OW1901121696 Tokyo KYODO in English
1147 GMT 19 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — A task force of the Telecommunications Council considering the management of Nippon Telegraph and Telephone Corp. (NTT) on Friday [19 January] released a report calling for dividing the domestic telecommunications giant into smaller entities to improve services through competition.

NTT's monopoly of local telephone lines has produced negative effects such as the inefficient allocation of personnel to information and repair services and difficult negotiations with other common carriers over access charges, the task force said.

Better services at lower costs will become available by ending NTT's monopoly and promoting competition, it said.

To end the monopoly, the task force said, NTT needs to be split into smaller local companies which will engage in cost-cutting and other competition.

With the report in hand, the council is thought certain to include NTT's split-up in a package of policy recommendations it will submit to the telecommunications minister in late February, analysts said.

As Posts and Telecommunications Minister Ichiro Hino, however, indicated his opposition to NTT's division, the government is likely to turn down the council's expected recommendation in March, the analysts added.

Japan: Outline of National Defense Program Released

OW2301125596 (Internet) Japan Ministry of Foreign Affairs WWW in English Dec 95 (Tentative)

["Tentative unofficial translation" of the "National Defense Program Outline in and after FY 1996"; from the "Major Issues" link]

[FBIS Transcribed Text] **National Defense Program Outline in and After FY 1996 I. Purpose II. International Situation III. Security of Japan and Roles of Defense Capabilities IV. Contents of Japan's Defense Capability V. Points of Note in Upgrading, Maintaining and Operating the Defense Capability**

Appendix: Statement by Chief Cabinet Secretary, 1 Dec 95 (Tentative Unofficial Translation)

I. Purpose

1. In order to preserve its independence and peace, Japan, under its Constitution, has been making efforts to secure stability in the international community through diplomatic activities including efforts to prevent and settle conflicts, to establish a sound basis for security through domestic political stability, to maintain firmly the Japan-U.S. security arrangements and to build up appropriate defense capabilities.

2. In 1976, under those policies, Japan formulated the National Defense Program Outline (adopted by the National Defense Council and by the Cabinet on October 29, 1976, hereinafter cited as "the Outline"). The Outline was drafted on the premise that the international situation, in which efforts for stabilization were being continued, the international political structure of the surrounding regions and Japan's own domestic situation would not undergo any major changes for some time and judging that the existence of the Japan-U.S. security arrangements would continue to play a major role in maintaining the stability of international relations. Since then, Japan has developed its defense capability according to "the Outline", and the steady defense efforts, in conjunction with the existence of the Japan-U.S. security arrangements and the efforts made to ensure the smooth and effective implementation of these arrangements, have both prevented any aggressions against Japan and contributed to the maintenance of peace and stability in the surrounding region.

3. Herein, a new set of guidelines for Japan's defense capability is laid forth, taking into consideration that almost two decades have passed since the adoption of "the Outline," that during this time the international situation has undergone significant changes, including the demise of the structure of the military confrontation

between East and West, led respectively by the Soviet Union and the United States, brought on by the end of the Cold War, and that expectations for the role of the Self-Defense Forces have been increased in such function as providing aid in cases of large-scale disasters and contributing to building a more stable security environment through participation in international peace cooperation activities, in addition to their principal mission of defending Japan.

4. Japan, abiding by its Constitution, following the guidelines set forth herein and paying due attention to enhancing the credibility of the Japan-U.S. security arrangements, will strive to ensure its own national defense and contribute to the peace and stability of the international community by appropriately upgrading, maintaining and operating its capability.

II. International Situation

The following trends in the international situation were considered in the drafting of these new guidelines.

1. With the end of the Cold War, which led to the demise of the structure of military confrontation between East and West, backed by overwhelming military capabilities, the possibility of a global armed conflict has become remote in today's international community. At the same time, various unresolved territorial issues remain, and confrontations rooted in religious and ethnic differences have emerged more prominently. Complicated and diverse regional conflicts have been taking place. Furthermore, new kinds of dangers, such as the proliferation of weapons of mass destruction including nuclear arms, and of missiles, are on the increase. Thus, unpredictability and uncertainty persist in the international community.

2. On the other hand, as interdependence among nations intensifies, efforts are underway in various areas, such as political and economic spheres, to promote international cooperation and to further stabilize international relations. An emphasis has been placed on preventing destabilizing factors from escalating into serious international problems. In the area of security, continued progress is being made in arms control and disarmament, based on agreements between the United States and Russia and within Europe.

Efforts are also being made toward enhancing regional security frameworks, expanding multilateral and bilateral dialogues and promoting the role of the United Nations.

Major countries are making active efforts to reorganize and stream-line their military capabilities, which used to be aimed at countering large-scale aggression, and tak-

ing account of their respective strategic environments, to secure adequate capability to properly respond to regional conflicts and other various situations. These efforts constitute important factors toward the establishment of a more stable security environment, in combination with the initiatives based on international cooperation, including those launched by the United Nations. In this context, the United States, with its great power, continues to play a significant role for world peace and stability.

3. In the surrounding regions of Japan, the end of the Cold War and the collapse of the Soviet Union have brought about a reduction of the military force level and changes in the military posture in Far East Russia. At the same time, there still remain large-scale military capabilities including nuclear arsenals and many countries in the region are expanding or modernizing their military capabilities mainly against the background of their economic development. There remain uncertainty and unpredictability, such as continued tensions on the Korean Peninsula, and a stable security environment has not been fully established. Under these circumstances, the possibility of a situation in this region, which could seriously affect the security of Japan, cannot be excluded. At the same time, various activities are being pursued to deepen cooperative relations among nations and to achieve regional stability, such as promotion of bilateral dialogues and search for a regional security framework.

The close cooperative relationship between Japan and the United States, based on the Japan-U.S. security arrangements, will help to create a stable security environment, provide the foundation for securing the engagement of the United States and the U.S. military presence which are necessary for peace and stability in this region, and thus will continue to play a key role for the security of Japan, as well as the stability of the international community.

III. Security of Japan and Roles of Defense Capabilities

Security of Japan and the Basic Defense Policy

1. Japan, under its Constitution, while promoting diplomatic efforts and establishing a sound basis for security through domestic political stability, has moderately built up its defense capability on its own initiative, in accordance with the fundamental principles of maintaining an exclusively defense-oriented policy, not becoming a military power that might pose a threat to other countries, upholding civilian control, adhering to the three non-nuclear principles, and maintaining firmly

the Japan-U.S. security arrangements. Japan is determined to maintain those basic defense policies.

Defense Capability as It Ought To Be

2. Japan has built its defense capability in accordance with "the Outline," which incorporates the concept of a basic and standard defense capability, defined as possessing the minimum necessary defense capability for an independent nation so that it would not become a source of instability in the surrounding regions by creating a vacuum of power rather than building a capability directly linked to a military threat to Japan. The defense capability defined in "the Outline" aims to possess the assorted functions required for national defense, while retaining a balanced posture in terms of organization and deployment, including logistical support. This capability was derived from relevant factors such as the strategic environment, geographical characteristics, and other aspects of Japan's position.

It is considered appropriate that Japan continue to adhere fundamentally to this concept of a basic and standard defense capability based on a recognition that various efforts for the stabilization of international relations will continue to be pursued, while there remain uncertainty and unpredictability in the international situation, and that the Japan-U.S. security arrangements will continue to play a key role for the security of Japan and for the peace and stability in the surrounding regions of Japan. At the same time, in terms of the defense capability which Japan should maintain, it is necessary to review the specific content so as to seek the most efficient and appropriate capability, taking into account the reduction of military force level and changes in military posture of some of Japan's neighboring countries following the end of the Cold War, as well as the diversification of situations that should be addressed from the security point of view, including the outbreak of regional conflicts and the proliferation of weapons of mass destruction. This review also needs to reflect such factors as recent advances in science and technology, a decreasing population of young people and increasingly severe economic and fiscal conditions.

Furthermore, while the principal mission of the Self-Defense Forces continues to be the defense of Japan, the Self-Defense Forces, taking into account changes in domestic and international circumstances and Japan's position in the international society, will also have to be prepared for various situations such as large-scale disasters which can have a significant impact on our highly developed and diversified society, and play an appropriate role in a timely manner in the Government's active efforts to establish a more stable security environment.

From this perspective, it is appropriate that Japan's defense capability be restricted, both in scale and functions, by streamlining, making it more efficient and compact, as well as enhancing necessary functions and making qualitative improvements to be able to effectively respond to a variety of situations and simultaneously ensure the appropriate flexibility to smoothly deal with the development of the changing situations.

Japan-U.S. Security Arrangements

3. The security arrangements with the United States are indispensable to Japan's security and will also continue to play a key role in achieving peace and stability in the surrounding regions of Japan and establishing a more stable security environment.

From this perspective, in order to enhance the credibility of the Japan-U.S. security arrangements and ensure their effective implementation, it is necessary to make efforts (1) to promote exchange of information and policy consultation, (2) to establish an effective posture for cooperation in operational areas including joint studies, exercises and training, as well as enhancement of mutual support in those areas, (3) to enhance broad mutual exchange in the areas of equipment and technology, and (4) to implement various measures to facilitate smooth and effective stationing of U.S. forces in Japan.

Additionally, this close cooperative bilateral relationship based on the Japan-U.S. security arrangements, facilitates Japanese efforts for peace and stability of the international community, including promotion of regional multilateral security dialogues and cooperation, as well as support for various United Nations activities.

Role of Defense Capability

4. It is necessary that the roles of Japan's defense capability be appropriately fulfilled in the respective areas described below in accordance with the aforementioned concepts.

(1) National defense

a. Prevent aggressions against Japan, together with the Japan-U.S. security arrangements, by possessing a defense capability of an appropriate scale which includes the functions required for defense, consistent with Japan's geographical characteristics, taking account of the military capabilities of neighboring countries, by ensuring a posture to fully utilize the capability and by clearly showing the nation's will to defend their own country.

Against the threat of nuclear weapons, rely on the U.S. nuclear deterrent, while working actively on interna-

tional efforts for realistic and steady nuclear disarmament aiming at a world free from the nuclear weapons.

b. Should indirect aggression - or any unlawful military activity which might lead to aggression against this nation - occur, take immediate responsive action in order to settle the situation at a nearly stage.

Should direct aggression occur, take immediate responsive action by conducting an integrated and systematic operation of its defense capabilities, in appropriate co-operation with the United States, in order to repel such aggression at the earliest possible stage.

(2) Response to large-scale disasters and various other situations

a. In case of large-scale disasters, disasters caused by acts of terrorism or other events which require the protection of lives or assets, and, for example, upon request for assistance from related organizations, take necessary measures in an appropriate and timely manner, including provision of disaster relief, in close cooperation with the related organizations, thereby contributing to public welfare.

b. Should a situation arise in the areas surrounding Japan, which will have an important influence on national peace and security, take appropriate response in accordance with the Constitution and relevant laws and regulations, for example, by properly supporting the United Nations activities when needed, and by ensuring the smooth and effective implementation of the Japan-U.S. security arrangements.

(3) Contribution to creation of a more stable security environment

a. Contribute to efforts for international peace through participation in international peace cooperation activities, and contribute to the promotion of international cooperation through participation in international disaster relief activities.

b. Continue to promote security dialogues and exchanges among defense authorities to enhance mutual confidence with countries, including neighboring countries.

c. Cooperate with efforts of the United Nations and other international organizations in the areas of arms control and disarmament for the purpose of preventing the proliferation of weapons of mass destruction and missiles, as well as controlling and regulating conventional weapons, including land-mines.

IV. Contents of Japan's Defense Capability

As the basis for fulfilling the roles for defense capability outlined in section III, the Ground, Maritime and

Air Self-Defense Forces will maintain structures as described in paragraph 1, and assume the postures suggested in paragraphs 2 and 3.

1. Ground, Maritime and Air Self-Defense Force structures

(1) The Ground Self-Defense Force (GSDF)

a. The GSDF, in order to be capable of rapid and effective systematic defense operations from the outset of aggression in any part of Japan, must deploy its divisions and brigades in a balanced manner that conforms to Japan's geographical and other characteristics.

b. The GSDF must possess at least functional one unit of each of the various types of forces used mainly for mobile operations.

c. The GSDF must possess ground-to-air missile units capable of undertaking the air defense of divisions and other units, as well as vital areas.

d. The GSDF, in order to maintain a high level of proficiency and to rapidly counter aggressions and other situations, must, in principle, staff its units with regular Self-Defense Personnel, while, when organizing, some units may be staffed by Self-Defense Force Reserves personnel capable of being quickly mobilized.

(2) Maritime Self-Defense Forces (MSDF)

a. The MSDF must possess one fleet escort force as a mobile operating ship unit in order to quickly respond to aggressive action and such situations at sea. The fleet escort force must be able to maintain at least one escort flotilla on alert at all times.

b. The MSDF must possess, as ship units assigned to coastal surveillance and defense, at least one escort ship division in each specified sea district.

c. The MSDF must maintain submarine units, patrol helicopter and minesweeping units, providing the capability for surveillance and defense missions as well as minesweeping at important harbors and straits as necessary.

d. The MSDF must maintain fixed-wing patrol aircraft units to provide a capability for surveillance, patrol and other operations in nearby seas.

(3) Air Self-Defense Force (ASDF)

a. The ASDF must possess aircraft control and warning units capable of vigilance and surveillance throughout Japanese airspace on a continuous basis, as well as performing warning and control functions as necessary.

b. The ASDF must possess fighter units and ground-to-air missile units for air defense to provide the capability

of maintaining continuous alert, to take immediate and appropriate steps against violations of Japan's territorial airspace and air incursions.

c. The ASDF must possess units capable of engaging in the interdiction of airborne or amphibious landing invasions and air support for land forces as necessary.

d. The ASDF must possess units capable of effective operational supports, including air reconnaissance, air transportation and other operations as necessary.

2. Necessary postures to be maintained

In maintaining the following postures, special attention must be paid to achieving joint and integrated operations among each Self-Defense Force through enhancement of the Joint Staff Council's function and promoting integrated cooperative relationships with related organizations so that the Self-Defense Forces can quickly and effectively carry out their missions.

(1) Setup for countering aggressions or similar situations

a. In the case of direct aggression, the Japan's defense structure must be able to respond immediately in accordance with the type and scale of the aggression, and exert its capability effectively by integrating its assorted defense functions and by maintaining and enhancing the credibility of the Japan-U.S. security arrangements through various bilateral studies, joint exercises and training.

b. Japan's defense structure must be capable of responding immediately and taking appropriate actions, should an indirect act of aggression or unlawful military action occur.

c. Japan's defense structure must be capable of taking immediate and appropriate actions to cope with aircraft invading or threatening to invade its territorial airspace.

(2) Setup of disaster-relief operations

Japan's defense structure must be capable of taking timely and appropriate disaster relief activities in any area of Japan in response to large-scale disasters or other situations which require protection of lives and assets.

(3) Setup of international peace cooperation activities and others

The Self-Defense Forces must be capable of participating in inter-national peace cooperation activities and international disaster relief activities in a timely and appropriate manner to contribute to the maintenance of peace and stability in the international community.

(4) Setup of warning, intelligence, and command and communication Japan's defense structure must be capa-

ble of conducting warning and surveillance on a continuous basis to detect any changes in circumstances as soon as possible, so as to utilize this information for quick decision-making. It must be capable of high-level intelligence gathering and analysis, including strategic intelligence, through possession of diversified intelligence-gathering means and mechanisms, and highly able intelligence specialists.

Additionally, it must possess a sophisticated command and communication capability and be able to quickly and effectively conduct integrated defense operations from a joint perspective.

(5) Setup of logistic support

Japan's defense structure must be capable of carrying out necessary functions in each area of logistic support, such as transportation, search and rescue, supply, maintenance and medical and sanitary affairs, so that responses to various situations can be effectively conducted.

(6) Setup of personnel affairs, and education and training Japan's defense structure must be capable of exerting its full potential as an organization by forming an appropriate personnel structure, maintaining strict discipline, and being composed of individuals with high morale and capability and broad perspective. For training personnel, it is necessary to promote personnel exchange programs within the Self-Defense Forces, as well as with other ministries and the private sector. It must be capable of recruiting, treating, educating and training its personnel in appropriate ways, while paying attention to the smooth execution of international peace cooperation activities.

3. Maintenance of flexible defense capability

As a result of the revision of the scale and functions of Japan's defense capability, Japan's defense structure must possess adequate flexibility, so that smooth response can be made to changing situations by maintaining in education and training sections, personnel and equipment which require long training or acquisition time periods and by retaining high readiness Self-Defense Force Reservists. The specific scales of key organizations and equipment are given in the attachment.

V. Points of Note in Upgrading, Maintaining and Operating the Defense Capability

1. The following points should be noted in upgrading, maintaining and operating the defense capabilities in accordance with the outlines described in section IV including the structure of each of the Self Defense Forces. Decisions on major items in annual defense

improvement programs will be submitted to the Security Council.

(1) The upgrading, maintenance and operation of Japan's defense capability will be conducted in harmony with other national policies, taking into account, economic, fiscal and other situations. In light of the increasingly tight fiscal situation, special attention will be given to making appropriate budgetary allocations from a medium-and long-term perspective, so that Japan's defense capability can smoothly and thoroughly carry out its functions as a whole.

(2) Necessary steps will be taken to promote the effective maintenance and improvement, as well as the smooth consolidation and reduction of defense facilities, with the close cooperation of relevant local governments, and to facilitate further harmonization with surrounding areas.

(3) Equipment acquisition programs will be effectively implemented with overall consideration of such factors as speedy emergency resupply, easier education and training requirement and cost effectiveness, including future obligatory expenditures accompanying the introduction of equipment, and with special attention on developing a procurement and supply mechanism which helps reduce procurement costs. Attention will also be given to maintaining defense production and technology foundations through appropriate promotion of domestic productions.

(4) Efforts will be made to enhance technical research and development that contributes to maintaining and improving the qualitative level of Japan's defense capability to keep up with technological advances.

2. If such an important change of situations occurs in the future that it is considered necessary to reexamine Japan's defense capability, another review will be initiated based on the circumstances at that time.

APPENDIX: Statement by the Chief Cabinet Secretary on the New National Defense Program Outline, 1 December 1995

1. On November 28, by the decision of the Security Council of Japan and of the Cabinet, the Government of Japan adopted the "National Defense Program Outline from FY1996". This replaces the "National Defense Program Outline" formulated in 1976, which adopted the "Concept of Basic and Standard Defense Capability". From now on, work will proceed on a mid-term defense program from FY1996.

2. Taking the following factors into consideration, the Government of Japan formulated the new Outline; almost 20 years after the formulation of the "National

Defense Program Outline", the international situation has greatly changed, with, most notably, the elimination of the structure of military confrontation between East and West brought on by the end of the Cold War; and also expectations for the role of the Self-Defense Forces have been increased in such fields as coping with situations including large-scale disasters, and contributing to building a more stable security environment, in addition to their principal mission of defending Japan.

3. The New "National Defense Program Outline" firmly maintains the basic national defense policy taken under the Constitution.

There is also no change in the Government's stance in the matters regarded as not permissible under Japan's Constitution, such as the exercise of the right of collective self-defense.

4. Regarding its future defense capability, Japan will essentially continue to adhere to the existing concept of a basic and standard defense capability, based on the recognition that, as a trend in the international situation, various efforts for the stabilization of international relations will continue to be purged despite unpredictability and uncertainty, and that the Japan-U.S. security arrangements will continue to play an important role for the security of Japan and peace and stability in the areas surrounding Japan.

The outline states that in terms of the defense capability which Japan should maintain, it is necessary to review the scale and functionality of the present defense capability by streamlining, making it more efficient and compact, enhancing necessary functions and making qualitative improvements to be able to effectively respond to a variety of events. This revision also needs to take account of such factors as the progress of modern science and technology, the decreasing population of young people, and the increasingly severe economic and fiscal conditions. The formation of core units and the scale of their concrete equipment are shown in the attachment to the Outline.

5. The Outline recognizes that the Japan-U.S. security arrangements are indispensable to Japan's security and that they also continue to play a key role in achieving peace and stability in the areas surrounding Japan and establishing a more stable security environment.

This means that the U.S. military presence and U.S. engagement based on the Japan-U.S. security arrangements constitute a stabilizing factor in the areas surrounding Japan and that wide-ranging and close Japan-U.S. cooperative relations on the basis of their security arrangements in such fields as security, politics, and economy are contributing to regional peace and stability.

Therefore, the expression "achieving peace and stability in the areas surrounding Japan" does not mean a change in the Government's unified view concerning the interpretation of the "Far East" stipulated in the Japan-U.S. Security Treaty.

In order to enhance the credibility of the Japan-U.S. security arrangements and ensure their effective implementation, it is necessary, according to the Outline, to make efforts (1) to promote policy consultations, etc., (2) to establish an effective posture for cooperation in operational areas, (3) to enhance broad mutual exchange in the areas of equipment and technology, and (4) to implement various measures to facilitate smooth and effective stationing of U.S. forces in Japan. The measures concerning the U.S. forces in Japan include not only support to the forces but also promotion of the consolidation, realignment and reduction of U.S. facilities and areas in Okinawa, where they are highly concentrated, in harmony with the objectives of the Japan-U.S. Security Treaty. The Government of Japan intends to tackle these issues actively.

6. As for the role of the defense capability, though it is a basic premise that it should center on the defense of our nation against aggression, the Outline states that it would also cope with large-scale disasters or other events by conducting relief activities in a timely and appropriate manner while maintaining close contact with the authorities concerned. It also states that, should a situation arise which would have an important influence on national peace and safety, we will take appropriate actions in accordance with the Constitution and relevant laws and regulations. At the same time, to contribute to creating a more stable security environment, we will further promote international peace cooperation activities, security dialogue and exchange among defense authorities, and will cooperate in various activities in the areas of arms control and disarmament.

As for the three principles on arms exports and collateral policy guidelines, we will maintain their basic concepts, that is, to avoid the escalation of international conflicts, while keeping harmony with the effective implementation of the Japan-U.S. security arrangements through enhancement of a broad mutual exchange in the areas of equipment and technology.

7. The Government of Japan will report the present decision to the Diet, and earnestly asks for the understanding and cooperation of the people.

Dated: December, 1995

Japan: Ozawa Urges General Election, Freezing Jusen Budget

OW2401051196 Tokyo KYODO in English
0454 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — Opposition leader Ichiro Ozawa on Wednesday [24 January] demanded a freeze in the 685 billion yen account for the liquidation of failed mortgage companies under the fiscal 1996 budget and a dissolution of the House of Representatives for a general election.

"What Prime Minister (Ryutaro) Hashimoto should do first is to drop the 685 billion yen from the budget," said Ozawa, president of the main opposition Shinshinto (New Frontier Party), in a lower house plenum at the outset of interpellations of the 150-day regular Diet session that convened Monday.

The government's 75.1 trillion yen budget proposal tops the diet's discussion agenda.

Ozawa criticized the mortgage scheme, under which 685 billion yen in taxpayers' money would be used to liquidate the seven troubled housing loan firms, known as "jusen," which are heavily burdened by bad loans to realtors, saying grounds for the amount of money are unclear.

The government can use public money only after making clear the responsibility of those concerned both in civil and criminal affairs, as well as the responsibility of bureaucrats and politicians, Ozawa argued.

The opposition leader also pledged to look into the responsibility of former Prime Minister Tomiichi Murayama and former Finance Minister Masayoshi Takemura, both of whom resigned Jan. 11, along with the other cabinet members after drawing up the liquidation scheme in December.

Ozawa said it is very regrettable the opposition cannot pursue the responsibility of Murayama and Takemura in the Diet session because of their resignations.

In response to Ozawa's challenge, Prime Minister Hashimoto took the podium, sharing his rival's views on the importance of security arrangements with the United States and of UN reform but dismissing his proposal for creation of a permanent UN police force.

Hashimoto said he and U.S. President Bill Clinton would reaffirm the strong Japan-U.S. security alliance during the President's April 16-18 state visit to Tokyo.

The Japan-U.S. ties, he said, "are the most important bilateral relationship not only for Japan but also for the world."

Hashimoto said he conferred with Okinawa Gov. Masahide Ota on Tuesday evening and promised to deal "sincerely" with the prefecture's requests to curtail the number of U.S. bases there.

Okinawa residents have stepped up pressure on the central government to negotiate with the U.S. for the reduction or elimination of the American military presence there, particularly since the Sept. 4 rape of a 12-year-old schoolgirl allegedly by three U.S. servicemen.

On Ozawa's permanent UN police proposal, Hashimoto expressed skepticism, citing constitutional constraint.

SDP Secretary General Kanju Sato, in his interpellation, called on the Hashimoto government and the three-way ruling coalition to patiently and fully explain the housing loan write-off plan to the public.

He also urged the government to produce more jobs, referring to a record 3.4 percent jobless rate set last November.

Sato said the coalition government under Hashimoto should inherit the "people-friendly" society pursued by Murayama who has been reelected SDP chairman.

Japan: Hashimoto Dismisses Ozawa's Demands on Jusen, Election

OW2401072396 Tokyo KYODO in English
0631 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — Prime Minister Ryutaro Hashimoto dismissed demands Wednesday [24 January] from opposition leader Ichiro Ozawa to freeze the 685 billion yen account for the liquidation of failed housing mortgage companies under the fiscal 1996 budget and dissolve the House of Representatives for a general election.

"We have drawn up the disposal plan, including the budgetary expenditure, through the most cautious studies," Hashimoto said, responding to Ozawa's interpellation at a House of Representatives plenary session.

The scheme is necessary to resolve the problem swiftly to restore the stability and credibility of the Japanese financial system, protect depositors and rehabilitate the Japanese economy, the prime minister said.

Hashimoto, 58, reiterated that he will make efforts to gain public support for the plan through further disclosure of information and pursuit of responsibility of those concerned.

Ozawa, president of the main opposition Shinshinto (New Frontier Party), criticized the government scheme, under which 685 billion yen in taxpayers' money would be used to liquidate the seven troubled mortgage compa-

nies, known as "jusen," which are heavily burdened by bad loans to realtors, saying the grounds for the amount of money are unclear.

Hashimoto also turned down Ozawa's demand to dissolve the lower house, saying the government should tackle such pressing issues as restoration of credibility of the Japanese financial system and getting the Japanese economy on track, and responding to Okinawa's hopes to reduce local U.S. bases with U.S. President Bill Clinton visiting Japan in April.

Ozawa demanded that Hashimoto dissolve the lower house for a general election, criticizing the tripartite ruling coalition of Hashimoto's Liberal Democratic Party (LDP), former Prime Minister Tomiichi Murayama's Social Democratic Party (SDP), and former Finance Minister Masayoshi Takemura's New Party Sakigake [Harbinger] for "tossing around" the prime minister's post among the three parties.

Hashimoto said he and Clinton will release a joint statement to "reaffirm" the importance of the bilateral security arrangement, based on the two countries' security dialogue so far.

In order to iron out concrete measures to reinforce Japan-U.S. relations, Tokyo must seriously deal with the Okinawa base issue, Hashimoto said.

"To deepen credibility between Japan and the United States and resolve the issue, giving consideration to the plight of Okinawa, we will strive to adjust and reduce the bases, while achieving the aims of the security setup," he said.

Hashimoto said Japan has not changed its stance that it is prepared to be a permanent member of the UN Security Council under the grounds that Tokyo will not resort to force.

The prime minister also said Japan "has not gained so much international trust to get its Self-Defense Forces to go abroad as an armed unit" because of Japan's wartime deeds in Asia.

On the 3 percent consumption tax, he said Japan should make sure the rate will be raised to 5 percent in September 1997 as planned.

Ozawa delivered his first interpellation at the Diet not only since he assumed the shinshinto leadership in late December but also since he was first elected as lower house lawmaker 26 years ago.

SDP Secretary General Kanju Sato, in his interpellation, called on the Hashimoto government and the three-way ruling coalition of the LDP, SDP and Sakigake

to patiently and fully explain the housing loan write-off plan to the public.

He also urged the government to produce more jobs, referring to a record 3.4 percent jobless rate set last November.

Sato said the coalition government under Hashimoto should inherit the "people-friendly" society pursued by Murayama who has been reelected SDP leader.

In response to Sato's interpellation, Hashimoto pledged to reform Japan's financial system with the principle of self-responsibility and transparency, particularly vowing to drastically review agricultural financial institutions.

Hashimoto also promised to make efforts so that the Okinawa base issue heads toward a solution through Clinton's visit.

Former Defense Agency chief Kazuo Aichi, who is now Shinshinto's top coordinator, challenged Hashimoto on the Okinawa issue, saying it is a domestic problem rather than a diplomatic issue between Japan and the United States.

Aichi is one of 57 Shinshinto lawmakers who launched an informal faction within the opposition party Monday to operate as a "watchdog" for the leadership led by Ozawa.

Hashimoto told the Diet session that Japan will continue to move toward normalization of relations with North Korea, but maintaining close consultations with South Korea.

He said he will strive for the return of the so-called Northern Territories — four Russian-held islands off the northernmost Japanese main island of Hokkaido — if he meets with Russian President Boris Yeltsin in a Moscow international summit meeting on nuclear safety in April.

Japan will continue to basically freeze its grants-in-aid to China as long as Beijing continues nuclear testing, but support its economic reforms and "open-door" policy, he said.

Hashimoto promised that Japan will try to gain credibility with its Asian neighbors based on the same grounds of last year's Diet resolution to mark the 50th anniversary of the end of World War II and the Aug. 15 statement of then Prime Minister Murayama, in which he apologized for Japan's wartime aggression and colonization in Asia.

Also responding to Sato, Finance Minister Wataru Kubo pledged that his ministry will clear up matters regarding its own responsibility in the housing mortgages company fiasco.

Aichi, Shinshinto's policy research council chairman, asked Hashimoto if Japan will join possible U.S. actions in case of an emergency on the Korean peninsula.

Hashimoto responded that Japan's new long-term national defense program outline provides if something affecting Japan's peace takes place, the nation will deal with the situation by supporting U.N. activities and using the Japan-U.S. security arrangements.

Hashimoto also said it is a "matter of course" that the Japanese people respect the national flag and the national anthem, referring to Japan's de facto national flag Hinomaru and de facto national anthem Kimigayo.

On Aichi's proposal to revise the constitution to mention the environment, the prime minister said amendments to the constitution should be discussed carefully because of public opinion, though he thinks debate on the matter is not something to be averted.

Japan: EPA Reports Positive Industrial Signs

*OW2201114496 Tokyo KYODO in English
1058 GMT 22 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 22 KYODO — Japanese industries produced generally brighter production and sales results in the October-November period, the Economic Planning Agency (EPA) said in a survey report Monday [22 January].

Of Japan's 12 major industrial sectors, the number of sectors showing encouraging signs has increased in the period, said Yoshinobu Nisaka, an EPA official in charge of compiling the survey.

The bimonthly report covers automobiles, steel, petrochemicals, paper-pulp, textiles, general machinery, industrial machinery, household electrical appliances, construction and housing, transportation, leasing and advertising.

Nisaka said the agency detected bright signs in the computer, telecommunications, petrochemical and travel industries.

The report says the personal computer industry drew strength from the debut of the Japanese version of the Windows 95 operating system in November, which bolstered the sales of PC [personal computer] hardware. PC sales saw a 46.0 percent jump in the month, following October's 17.0 percent rise.

The telecommunications industry received a boost from sales of packet data transmission equipment, portable phones, and switch and other equipment for use with the personal-handheld phone system (PHS) stations, it said.

Nisaka said the travel industry also developed optimism as an increasing number of Japanese people resumed travels after recovering spending vigor which they had lost following the great Hanshin earthquake of 1995.

The petrochemical industry also showed an improvement, partly due to a product price rise.

In contrast, construction machinery sales were poor, partly because public works spending was relatively sluggish during the reporting two-month period, the official said.

The household electrical appliance industry suffered a downswing in their domestic production in the period, as a greater volume of television sets and videocassette recorders made at overseas factories owned by Japanese manufacturers were imported into Japan, it added.

Japan: EIAJ Reports Increase of Parts Output

OW1101071096 Tokyo KYODO in English
0603 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Domestic production of electronic parts and devices by Japanese makers appears to have reached a record 9.46 trillion yen last year, eclipsing the previous record set in 1991, according to an industry association.

The estimate is up 10.9 percent from the year before, said the Electronic Industries Association of Japan (EIAJ).

The sharp rise stems in large part from the explosive growth in demand driven by the rapid expansion of data communications markets in the world.

Production of semiconductor elements and integrated circuits is estimated to have grown remarkably by more than 17 percent each while combined output of connectors, switches and other joint components is believed to have gained 14.6 percent, the EIAJ said.

The association predicts that production of electronic parts and devices should best 10 trillion yen this year, in view of the steady growth of the data communications market.

The ratio of electronic parts and devices to the total output of electronics for both household and industrial use is estimated to have topped the 40 percent level last year for the first time ever.

Production of electronic parts and devices reached 8.88 trillion yen in 1991 after exceeding the 7 trillion yen line in 1988, the EIAJ said.

The output dipped below 8 trillion yen in 1992 and 1993, weighed down by the bursting of the bubble

economy of the late 1980s. It moved back into the plus column in 1994, however, reaching 8.56 trillion yen.

Japan: Marubeni Wins Contract With Burma

OW0801012496 Tokyo KYODO in English
0017 GMT 8 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — Major trading house Marubeni Corp. said Monday [8 January] it has won a 2.6 billion yen order from Myanmar [Burma] for 200 construction machines.

This represents the largest ever construction-machinery deal struck between the Myanmar Government and a foreign concern, according to Marubeni.

Marubeni will extend trade credits in the form of three-year deferred payments for the machinery because Myanmar, ruled by a military junta, is barred from receiving Official Development Assistance (ODA) from the Japanese Government and loans from international agencies such as the World Bank.

The order is for 100 general-purpose machines, such as bulldozers and hydraulic excavators, and for other equipment such as trucks and cranes, a Marubeni spokesman said.

In February last year, the Tokyo-based trading giant signed a comprehensive agreement with the Yangon government to promote improvement of infrastructure and to nurture Myanmar industry.

This stems from the belief that Myanmar will develop into a major southeast Asian trading partner of Japan in the future, the spokesman said.

Japan: Toyota 'Agonizing' Over PRC Delay in Approving Plan

OW0601111296 Tokyo KYODO in English
0959 GMT 6 Jan 96

[FBIS Transcribed Text] Nagoya, Jan. 6 KYODO — Toyota Motor Corp. is agonizing over China's ambiguous stance in granting the automaker the right to produce cars with a major Chinese carmaker, Tianjin Automotive Industrial (Group) Co., industry sources say.

Toyota will face the make-or-break moment this year over the project to produce cars with Tianjin Automotive, now that China appears to be moving to give greater freedom to a few selected foreign carmakers' operations in China, the sources said.

Toyota hopes to produce 1.3-liter passenger cars and then larger cars together with the Chinese partner.

A Toyota executive said what the carmaking giant can do at the moment in the face of the uncertainties is "to

demonstrate the seriousness" of its desire to produce cars in China to the Chinese side.

On Dec. 26, the project gained some momentum when Toyota's two affiliates, Nippondenso Co. and Toyoda Gosei Co., announced the establishment of joint ventures with affiliates of Tianjin Automotive to manufacture auto parts in Tianjin, southeast of Beijing.

A Toyoda Gosei official said the joint venture to make brake hoses materialized after the Chinese side "suddenly approached us late last year."

Toyoda Gosei established Tianjin Toyoda Gosei Automobile Hose Co. in conjunction with a Tianjin Automotive affiliate to produce brake hoses for use in autos to be built by Tianjin Automotive.

However, Beijing has yet to clarify how many foreign carmakers it will allow to form joint ventures with Chinese manufacturers, as well as when and under what conditions.

Toyota must wait before it can debut in what Japanese industry circles call "the last gigantic market" remaining on earth with huge potential demand for cars.

Tianjin Automotive produces 1-liter Charade passenger cars using technologies transferred from Toyota's affiliate, Daihatsu Motor Co., which originally developed the small car. Tianjin turned out some 70,000 charades in 1995.

Toyota says it can meet one of China's prerequisites for authorizing a foreign maker to produce cars — an annual output level of more than 150,000 units. It says it can meet the target through the 1.3-liter cars.

Afterward, Toyota plans to start producing a larger car that is almost identical to the Corona passenger cars in conjunction with Tianjin Automotive.

Last year, Chinese Foreign Trade and Economic Cooperation Minister Wu Yi said Toyota "has lost a chance," giving the impression that China is now reluctant to approve its application to produce cars with Tianjin Automotive.

The industry sources traced the current Chinese recalcitrance to Toyota's rejection in the late 1980s and early 1990s of a Chinese invitation to produce cars in China.

Toyota is irritated at its inability to curry favors with the Chinese Government, they said.

Last fall, Toyota's honorary chairman Eiji Toyoda and its president Hiroshi Okuda visited China to demonstrate the seriousness of Toyota's desire to form the joint venture.

China has given approval to General Motors Corp. of the United States to produce the popular Buick cars there, prompting many in the industry to believe Beijing will approve more applications from other foreign automakers.

Japan: Contractors Diversifying Operations

*OW1601120096 Tokyo KYODO in English
1131 GMT 16 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Japanese contractors have promoted the diversification of their operations amid the protracted business slump, the Construction Ministry said Tuesday [16 January] in a survey.

The ministry, citing the survey conducted in August on business activities of 36 general contractors and 20 other construction firms for fiscal 1995, said their income from businesses activities not related to core operations increased 9.3 percent over the previous year.

The primary diversification areas were real estate and construction consulting, it said.

The ratio of sales from outside the main business operations to total sales increased 0.7 percentage point to 4.9 percent, the ministry said.

The amount of contracts for overseas operations accounted for 21.1 percent of total transactions, sharply up from the previous year, it said.

The ministry said personnel reductions resulted in a 4.6 percent decline in the number of clerical workers.

Overall, including engineering fields, the total workforce decreased 1.0 percent, the ministry said.

It said the aggregated amount of capital investment plunged 34.3 percent while research and development expenditures dropped 9.1 percent.

Japan: FTC Investigating Insurers on Alleged Premium Fixing

*OW1801010596 Tokyo KYODO in English
0021 GMT 18 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — The Fair Trade Commission (FTC) has raided a machinery insurance trade group and its member companies on charges of forming an illicit cartel to fix premiums for insurance against machinery trouble, sources close to the FTC said Thursday [18 January].

The antitrust watchdog body investigated the Tokyo office of the Union of Machinery Insurers of Japan and more than 20 other relevant offices, including major nonlife insurance companies, for allegedly carrying out

undue trade restrictions banned under the antimonopoly law.

Machinery insurance policyholders are paid when industrial machinery and power generators used in plants and office buildings run into trouble or stop working. Annual policy sales are estimated to total 30 billion to 40 billion yen.

Under the present system, nonlife insurers are supposed to file applications independently with the finance ministry for their machinery insurance premiums to receive official approval.

The FTC, however, suspects that insurance companies were working together to smooth out differences among their premiums when they actually exercised such approval.

The nonlife insurance industry last caused an antitrust problem in 1994, when the Marine and Fire Insurance Association of Japan received a warning from the FTC over possible violations of the antimonopoly law in their auto insurance business.

Japan: FTC Issues Local Government Rules on Plumbers

OW2401115596 Tokyo KYODO in English
1127 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 KYODO — New entries into the plumbing market may have been discouraged by ordinances under which local governments designate water engineers eligible for public works orders, the Fair Trade Commission (FTC) said in a report Wednesday [24 January].

Of 1,365 local governments surveyed by the antitrust watchdog last fall, 23.6 percent said they have designated no new tap water engineers in the past five years, while 20.4 percent said they have awarded no designation for sewage engineers.

Even when admitting newcomers, 23.0 percent of the respondents make water engineering memberships conditional upon the consent of companies already in the market and 22.1 percent apply such a condition for sewage engineers, according to the FTC report.

Under the designation system — which is adopted by 99.9 percent of the survey respondents for water engineering and by 89.2 percent for sewage engineering — only designated plumbers can win government orders for water supply and drainage systems.

The commission will send the report to local governments across the country, urging them not to take administrative steps to restrict the number of designated

plumbers or unduly limit new entries into the business, FTC officials said.

North Korea

DPRK Warns ROK on Consequences of 'Military Provocations'

SK2401034496 Pyongyang KCNA in English
0327 GMT 24 Jan 96

["Military Provocation in DMZ" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — The South Korean puppets on January 22 introduced a 90 mm recoilless gun and a 12.7 mm machine gun into the demilitarized zone (DMZ) south of the central sector of the front and installed them at a battle position opposite to the North side. They took a firing posture, levelling the guns at soldiers of the People's Army, according to military sources.

That day, a number of heavily-armed soldiers of the puppet army created a horrible war atmosphere in the DMZ southeast of the western sector of the front.

The South Korean puppets should act with discretion, mindful of the grave consequences to be entailed by military provocations in the DMZ where armed forces of both sides stand in acute confrontation.

DPRK: ROK Imports U.S. Antisubmarine Plane

SK2401035696 Pyongyang KCNA in English
0323 GMT 24 Jan 96

["S. Korea's Purchase of Combat Equipment From U.S." — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — The South Korean puppets on January 22 imported another "P-3C" anti-submarine patrol plane from the United States, a Seoul-based radio said.

This brings the number of the planes of that kind, imported from the United States from April last year, to eight.

The traitorous Kim Yong-sam group is scheming to find a way out of the ruling crisis in war moves. To this end, it is overheated in provocative military games and arms buildup with outcries over the "threats from the North".

**DPRK: Program Beamed at ROK Military
Castigates Kim Yong-sam**

*SK2401085296 Pyongyang Radio Pyongyang
in Korean to South Korea 0900 GMT 16 Jan 96*

[Unattributed talk from the "Hour for Officers and Men of the South Korean Armed Forces" program: "Why Are They Making Distorted Remarks?"]

[FBIS Translated Text] Officers and men of the South Korean Armed Forces: As you know, North-South relations are presently in an abnormal state, which has become extremely deteriorated and cool. Normalizing such an abnormal state between the North and South is an urgent problem that our divided nation should solve without delay. Without improving the aggravated North-South relations, we cannot expect the country's reunification, the long cherished desire of our nation.

Our party and the government of the Republic have made all possible efforts to develop North-South relations in conformity with the nation's demand and interest.

However, the Kim Yong-sam treacherous clique in South Korea has constantly perpetrated the preposterous act of slandering and laying the blame on the northern half of the Republic, thus deteriorating North-South relations. The amount of the Kim Yong-sam treacherous clique's slander against the northern half of the Republic has sharply increased this year.

Since the beginning of this year, the traitor Kim Yong-sam has been preposterously clamoring about moves by the North, thoroughly coping with them, maintaining a perfect security posture, and the like. Following the so-called president, his followers are also noisily uttering insulting and agitating voices of slander against the northern half of the Republic.

One example is that on 4 January Yi Yang-ho, the puppet national defense minister, babbled that a perfect military security posture should be maintained with high vigilance against the North, stressing that the next one to two years, including this year, will be very important to national security.

The Kim Yong-sam treacherous clique, which is frantically slandering the northern half of the Republic, are psychopathic patients.

The northern half of the Republic, where all the people are firmly united as one mind, is vigorously accelerating the general march of socialist construction to make our country, our fatherland, richer and more powerful in response to the task presented in the New Year's joint editorial carried in NODONG SINMUN. The people in the northern half of the Republic, who want the

country's peaceful reunification, do not attempt things against South Korea.

The Kim Yong-sam treacherous clique, which is kicking off a commotion to nag the northern half of the Republic, are indeed evil-minded rascals.

The people of the world do not heed the Kim Yong-sam treacherous clique's slandering of the northern half of the Republic, and instead, regard it as the silly talk of an insane person. Why is the Kim Yong-sam treacherous clique making distorted remarks that slander the northern half of the Republic? It is only too clear.

Around the end of last year, an unprecedented incident of irregularities and swindle called the secret fund scandal took place in South Korea. This scandal, which first began with the traitor No Tae-u, revealed that the traitor Kim Yong-sam had been involved as a kingpin, and that the slush money involved was indeed enormous.

The South Korean people rose up to sweep out the traitor Kim Yong-sam, who is the ringleader of corruption and irregularities and the chieftain of thieves, as well as his ring. The Kim Yong-sam treacherous clique has employed all sorts of tricks in a bid to soothe the people. However, it has been unable to soothe the angry people.

Entering this year, the spirit of the South Korean people's struggle to sweep out the group of thieves has further enhanced, and consequently, the Kim Yong-sam clique has been driven into a corner.

The Kim Yong-sam treacherous clique has resorted to aggravating the country's situation by deteriorating North-South relations. The real intention of the Kim Yong-sam clique, which is frantically kicking off anti-Republic commotions by making distorted remarks from the beginning of this year, is to escape the crisis by diverting the people's attention elsewhere.

The Kim Yong-sam treacherous clique should renounce its heinous intent and stop the mean and shameless act of slandering the northern half of the Republic.

If the Kim Yong-sam clique continues to slander the northern half of the Republic, and thus advances toward further deteriorating North-South relations, it will expedite only the disgraceful ruin of the Kim Yong-sam clique.

Officers and men of the South Korean Armed Forces should look straight at the Kim Yong-sam clique's wicked intention and not follow the anti-Republic maneuvers of the rascals.

**DPRK: Aide To Make Public Kim Yong-sam
'Election Fund'**

SK2401093896 *Pyongyang KCNA in English*
0931 GMT 24 Jan 96

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — Pak Chol-on of South Korea stated that he would make public Kim Yong-sam's "presidential election" fund, Seoul-based radio Voice of National Salvation reported.

In the period of the "Sixth Republic", Pak, a cousin of No Tae-u's wife, was the right-hand man of No, serving as "policy aide" and "first minister of political affairs." And he was Kim Yong-sam's arch foe.

He defected from the "Democratic Liberal Party" [DLP] in protest against Kim Yong-sam's candidacy for the "DLP" chairmanship recommended by No. Later, he served a prison term due to traitor Kim Yong-sam's political retaliation.

On December 19 last year, Pak called on No in Seoul prison and strongly urged him to make clear by himself the amount of money he gave Kim Yong-sam for "presidential election". "If you refuse to do so, I will do it," he said.

But No said, "Don't do it. If I make public the presidential election fund, I will lose my life."

No told Pak that a few days before he was taken to Seoul prison last year, Kim Yong-sam promised No's associates to help him escape capital punishment and release him on sick bail or on parole at a proper time in return for the "presidential election" fund he would never make public.

DPRK: Leaders, Achievements of Chollima Movement Lauded

SK2401092896 *Pyongyang KCNA in English*
0918 GMT 24 Jan 96

["People in Chollima Era" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — Heroes and heroines, labour innovators and frontrankers in the Chollima era have become the paragon of self-reliance in Korea.

The great leader Comrade Kim Chong-il said:

"The heroes and heroines, labour innovators and the frontrankers during the great upsurge of the Chollima movement in the postwar years belong to the proud generation that brought about a high tide of building socialism, surmounting the obstacles in the way of our revolution."

Impressive achievements in socialist construction in Korea were scored in the flame of the great upsurge of socialist construction and the process of development of the Chollima movement.

The Chollima movement was the demonstration of the great creative power of the Korean people and a nationwide popular movement to step up socialist construction at the highest speed.

The word Chollima originated from the legendary winged horse that could cover a thousand ri (400 kms) a day, and the term has been used from the time of our remote ancestors to symbolize rapid progress. The Chollima movement reflects, in conformity with the national sentiments of the Korean people, their desire to step up socialist construction at the speed of this winged horse. In Korea, the movement began since historic plenary meeting of the Workers' Party of Korea Central Committee held in December, 1956.

Korea had not passed through the stage of industrial revolution and everything was reduced to ruins during the three-year-long war unleashed by the U.S. imperialists.

Moreover, the clamour of the U.S. imperialists and their lackeys for "northward march" became undisguised and the anti-party and counterrevolutionary factionalists, backed by outside forces, raised their heads within the party.

At that time, when manifold trials and difficulties stood in the way, the great leader President Kim Il-song convened a plenary meeting of the party Central Committee in December 1956 and advanced a policy to effect a new upsurge in socialist economic construction.

The plenary meeting marked the start of the great upsurge of socialist construction and the Chollima movement in Korea.

The people in the Chollima era built Korea into a socialist state of independence, self-sufficiency and self-reliance in defence in a short span of time in the spirit of taking ten steps when other people take a step, in the spirit of self-reliance and hard struggle.

"Let us rush in the spirit of Chollima!" This was the slogan upheld by the people in the Chollima era.

The rolling workers of the Chollima Steel Complex, taking to their hearts the words of President Kim Il-song that the nation would be able to heave a sigh of relief if 10,000 more tons of steel is produced, turned out 120,000 tons of rolled steel from the blooming mill, which had a rated capacity of 60,000 tons, through courageous technical innovations and thus kindled the torch of the great Chollima march.

In the first year of the great Chollima advance the working class raised the industrial output 44 percent, agricultural working people harvested 3.2 million tons of grain, nearly 400,000 more tons than the previous year, fishermen had a total fish catch of 600,000 tons, 50 percent higher than the previous year and builders wrought a miracle of building dwelling houses 20 times faster and created world-startling "Pyongyang speed" by introducing a prefabricated method in construction.

At that time, Kim Chik-hyon, a collier at the June 13 Coal Mine, introduced a high-speed tunnelling method, which was greatly conducive to increasing production of coal.

Choe Sun-chol, an engineer of the Chongju Locomotive Corps, made a non-accident run of 1,000,000 kilometres, carrying nearly 2 million more tons of freight.

Dr. Yi Sung-ki at the Hamhung branch under the Academy of Sciences succeeded in industrializing the production of vinalon. Kim Hak-sun, who was a captain of the ship "Yongaksan" of the Chongjin Fishery Station, opened up a sea route for deep-sea fish catch and Sin Song-u, a doctor at the Hamhung Traumatic Orthopaedia Hospital, recovered a number of people to the status quo by solving unsettled problems in orthopedics. Front-runners in human remoulding, including Kil Hwak-sil and Yi Sin-cha, were produced in that time, too.

All of them were heroes and heroines who added lustre to the Chollima era.

Today they are continuing to glorify their life under the socialist system under which the noblest ethical morality and virtues have been brought into full play by the benevolent politics of Comrade Kim Chong-il.

DPRK: Foreign Officials Send Greetings to Kim Chong-il

*SK2401051896 Pyongyang KCNA in English
0407 GMT 24 Jan 96*

[All names of party leaders as received]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from France Albert Rene, president of the Republic of Seychelles, and Henri Konan Bedie, president of the Republic of the Cote d'Ivoire, on the new year 1996.

Comrade Kim Chong-il also received messages of greetings from foreign party leaders on the new year 1996.

They came from Niranjana Govind Vidya, president of the Central Committee of the United People's Front of Nepal; Narayan Man Bijukchhe, chairman of the Cen-

tral Committee of the Nepal Worker-Peasant Party; Roger Gailliez, general secretary of the Belgian Socialist Party (Vallon); Mauro Cazadio, general secretary of the Struggle for the Peace and Socialism of Italy; Mahamadou Issoufou, chairman of the Party for Democracy and Socialism of Niger; Toe De Stanislas, general secretary of the Democratic Youth Revolutionary Party of Burkina Faso; Eduardo Mora Valverde, coordinator of the Central Committee of the People's Party of Costa Rica; Miguel Mejia, secretary general of the United Left Movement of Dominica; Maxim Henry Willson, general secretary of the People's National Party of Jamaica; Baptista Andre Jose Simao, chairman of the Communist Community Party of Angola; Randriamvao Mahubazaka, general secretary of the United Party of Struggle of Madagascar; Daniel Ortega Saavedra, secretary general of the Sandinist National Liberation Front of Nicaragua; Herbert Wycliffe Morton, general secretary of the Labour Party of St. Kitts-Nevis; and Eric Trevett, general secretary of the C.C. [Central Committee], New Communist Party of Great Britain.

They extend warmest congratulations to him on the new year and wish him good health and a long life.

They express the belief that the friendly and cooperative relations between their countries and Korea and between their parties and the Workers' Party of Korea will grow stronger and develop.

DPRK: Kim Chong-il Thanks Security Unit for Road Construction

*SK2401094396 Pyongyang KCNA in English
0935 GMT 24 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to the soldiers of the Sin Il-nam Unit of the Korean People's Security Forces for their great achievements in road construction.

In the letter of thanks he expressed satisfaction at the fact that the servicemen completed major projects including Pyongyang-Hyangsan tourist motorway and Ponghwa Bridge last year as monumental edifices adding shine to the era of the Workers' Party of Korea (WPK) in the spirit of the revolutionary army, and extended deep thanks to all the soldiers of the unit.

He said that in the construction of the motorway and bridge planned by the WPK, they paved 120-kilometre-long road in a qualitative way in a short span of time and successfully built the bridge in a modern way to suit the beauty of River Taedong.

He also said that through the projects, they demonstrated the loyalty and invincible might of the army of the

leader and the party, the army which unconditionally fulfills the orders of the supreme commander under any circumstances, and fully showed again the heroic mettle of Korea, the homeland of *chuche*.

He called on the unit to play a pivotal role of the supreme commander's elite unit in carrying out the party's policies.

Comrade Kim Chong-il expressed the belief that all the soldiers of the unit will make greater achievements in fulfilling their revolutionary duties, united closely around the WPK in one mind, thus living up to the party's deep trust and expectation.

A meeting took place on Tuesday [23 January] to convey the letter.

At the meeting the speakers vowed to perform great feats in all projects for implementing the lofty intentions of the great leader President Kim Il-song and the far-reaching plans of Comrade Kim Chong-il so as to bring the heroic spirit of the socialist homeland of *chuche* into full play.

DPRK: Foreign Delegations Lay Flowers at Kim Il-song Statue

SK2401050096 *Pyongyang KCNA in English*
0416 GMT 24 Jan 96

[All names as received]

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — A Bulgarian Government economic delegation led by Ivan Belchev, vice-minister of trade and foreign economic cooperation; Uli Sigg, newly appointed Swiss Ambassador E.P. [extraordinary and plenipotentiary] to Korea; a delegation of the Mongolian Taekwon-do Federation led by its chairman Sainthog; and a delegation of the Odds Corporation of Japan led by its President Takahiro Yamaguchi on Jan. 23 laid bouquets of flowers and made bows before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang.

DPRK: Foreign Crew Members Hold Symposium on Kim Chong-il Work

SK2401093296 *Pyongyang KCNA in English*
0922 GMT 24 Jan 96

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — A symposium of crewmen of foreign ships on "Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries", an immortal famous work of the great leader Comrade Kim Chong-il, was held in Nampo, a port city on the west coast of Korea, on Jan. 22.

Present there were crewmen of the China-flagged ship Jiang An, the Honduras-flagged ship Concord, the Singapore-flagged ship Iarko and other foreign ships.

Masters and deputy masters in their speeches said that the great leader Comrade Kim Chong-il in his work noted the highest representative of revolutionary seniors is the leader, and loyalty to the leader is the highest expression of the sense of revolutionary obligation. They stated that they were deeply impressed by the indomitable faith and will of the Korean people, who are steadfastly carrying forward the cause of the great leader President Kim Il-song and upholding and following him forever.

They said: As indicated by Comrade Kim Chong-il, history provides a serious lesson that a revolution advances victoriously when revolutionary seniors are respected and their accomplishments are preserved and developed, and that a revolution is abandoned and frustrated when revolutionary predecessors are betrayed and their accomplishments are negated.

His work is a monumental work of the era and an asset common to humankind for it opened up the road of the moral development of the present times, the speakers added.

A congratulatory letter to Comrade Kim Chong-il was adopted at the symposium.

DPRK: Kayagum Extolled as 'National Musical Instrument'

SK2401094096 *Pyongyang KCNA in English*
0928 GMT 24 Jan 96

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — The kayagum is an excellent national musical instrument of Korea with a long history.

It was invented by Uruk, a musician of the Kaya State, as early as the Sixth Century A.D. It shows how resourceful and civilized the Korean ancestors were, how high their cultural level was and what a long history of musical development Korea has.

When played, the kayagum sounded soft and refined and the gesture of its player was beautiful and rhythmic. So, it was particularly loved by the people and was widely disseminated to neighbouring countries.

Its popularity became higher during and after the Koryo Dynasty. In particular, at around the end of the 19th century, many famous players of the kayagum were produced and pieces of instrumental music such as "sanjo" peculiar to Korea were created.

At the time of feudalism, the kayagum was used as a principal instrument of court orchestra bands.

It was at the beginning of the 20th century that the development of the kayagum and its music were seriously hindered by the Japanese imperialists' policy of obliterating the Korean national culture.

Since the country was liberated on August 15, 1945, the kayagum and its music have successfully been improved and developed thanks to the chuche-based and revolutionary policy of the Workers' Party of Korea on building national music.

This instrument has been ameliorated on modern lines to suit the sentiments and aesthetic sense of the nation.

After its amelioration, the kayagum has a wide register and a seven-note system so that its player can play any musical piece.

The methods of performance were improved to use ten fingers in playing the instrument.

It produces wide and rich sounds, reminding one of an orchestral music.

An instrumental solo, an ensemble and concert can be played with the kayagum.

In an ensemble of national musical instruments, its main melody is produced by the kayagum. Besides, it is widely used as a rhythmic instrument at concerts of national wind, string and other instruments.

All the artistic pieces, accompanied by the kayagum, win popularity among the people.

DPRK: Bulgarian, Red Cross Delegations Arrive in Pyongyang

*SK2301220096 Pyongyang KCNA in English
1512 GMT 23 Jan 96*

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — A Bulgarian Government economic delegation led by Ivan Belchev, vice-minister of trade and foreign economic cooperation, arrived here today to participate in the 20th meeting of the Inter-Governmental Economic, Scientific and Technological Consultative Committee of Korea and Bulgaria.

A delegation of the International Federation of Red Cross and Red Crescent Societies led by Deputy Director of Asia and Pacific Department of the Federation Simon Missiri also arrived here.

DPRK: WPK Delegation Departs for Germany

*SK2401113596 Pyongyang KCNA in English
1040 GMT 24 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — A delegation of the Workers' Party of

Korea [WPK] led by Yim Sun-pil, vice-director of a department of the Central Committee of the WPK, today left here to participate in the 13th Congress of the German Communist Party.

DPRK: Foreign Minister Meets New Swiss Ambassador

*SK2401113996 Pyongyang KCNA in English
1040 GMT 24 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — Vice-Premier and Foreign Minister Kim Yong-nam met and had a talk with new Swiss ambassador to the DPRK Uli Sigg [spelling of name as received], who paid him a courtesy call on Wednesday.

DPRK: Vice-President Receives Outgoing Indian Ambassador

*SK2401113796 Pyongyang KCNA in English
1039 GMT 24 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 24 (KCNA) — Vice-President of the DPRK Yi Chong-ok met and had a talk with Indian Ambassador to Korea Adya Nand Jha, who paid a farewell call on him here today.

DPRK Foreign Minister Meets Outgoing Indian Ambassador

*SK2301215996 Pyongyang KCNA in English
1513 GMT 23 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 23 (KCNA) — Kim Yong-nam, vice-premier and foreign minister of the DPRK, today met and had a talk with the Indian ambassador to Korea, Adya Nand Jha, who paid a farewell call on him.

DPRK: Imperialists 'Aid' Viewed as Tool for Exploitation

*962C0005C Pyongyang MINJU CHOSON in Korean
19 Sep 95 p 6*

[Article by Yun Chong-hui: "Imperialists' 'Aid' Is a Tool for New Exploitation and Plundering"]

[FBIS Translated Text] Today, imperialists, posing as "philanthropists" and "aid donors," are ranting and raving as if they were giving other countries some big help. It is hypocrisy, however.

Imperialists, after all, cannot do an act of charity for others.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

"Today the betrayers of socialism are clamoring for a return to capitalism, harboring illusions about it and pinning hopes on the 'aid' and 'cooperation' of imperialists. History shows that hopes placed on 'goodwill' or 'class cooperation' of the exploiting class are a path to a ruined revolution."

As historical experiences and today's realities indicate, imperialists' 'aid' and 'cooperation' are lies.

There can be no change in the inherent nature of imperialism, which is aggressive and plundering. Imperialism is the most vicious and cunning force of dominationism in human society. It is an international plunderer; harming and plundering others is in the physiology and is an attribute of an imperialist. Through it, they maintain their existence, realize their avaricious ambitions, and make money. There are no capitalists who would extend "benefits" to the working masses without seeking profits; likewise, there can be no imperialists who seek neither domination over other nations nor international plundering.

Stopping at nothing when it comes to seeking profits and fattening their purses, regardless of whatever happens to others, is the imperialist mode of thinking and code of conduct.

It is obvious that they have in their hearts not the slightest generosity or goodwill for anybody else.

By nature, imperialists absolutely do not want others to prosper. As other nations grow and increase their voice internationally, they fear that it could weaken their position and make it difficult for them to lord over them with arbitrariness and tyranny. Thus, they do everything possible to suppress their developments and harass them, artificially.

It is solely for satisfying their endless avarice that imperialists champion the cause of "philanthropy," ranting about "aid" and "cooperation."

Their "aid" is out and out predatory. It is a tool to carry out their designs for domination.

Imperialists are extending their hands of "aid" to some developing nations as if they were so generous to them. Although they are flaunting "loans," "joint developments," and "deferment of debt payments," etc., these things are all designed to further their exploitation and plundering.

Through "financial aid" like "loans," imperialists put heavy debt burdens on developing nations, then they have a windfall by depriving them of tremendous resources and fruits of labor as collateral goods. Currently, because of their cunning "aid" policy, developing na-

tions are liable for approximately \$2 trillion in foreign debts.

Imperialists, through their "aid," are attempting to realize not only economic enslavement but political domination as well. When developing nations fail to meet their unreasonable demands, some Western countries would even cut off the meager "aid" they give them, ruthlessly, and carry out economic blockades instead. Furthermore, they sometimes demand the introduction of a "multiparty system" as a precondition or make "human rights" an issue to put pressures on them.

Through all this, imperialists try to intervene in domestic affairs of developing nations so as to make them submit to their will and obey meekly.

The true nature of their "aid" is fully demonstrated by current developments in countries where capitalism has been revived.

Although imperialists have been publicizing as if they are granting them some enormous "aid," their "public pledge" has not been fulfilled by an iota.

The United States "pledged" \$59 billion to Russia in 1992 for the latter's "reform" programs. But what it actually gave is reportedly only about one 148th of it. According to data published in a Russian newspaper, "aid" medical supplies Western nations sent to Russia were no more than three tablets of aspirin per person and, in case of shoes, only 0.0001 pairs per person.

Even a former chairman of the Foreign Affairs Committee of the U.S. House of Representatives exposed that although Washington had promised the former Soviet Union more than \$100 billion in "financial aid," no funds actually reached the intended objects of the "aid."

Even with the meager amount of "aid" they offer to countries that returned to capitalism, Western nations link it to the speed of "reform" in those countries. In other words, they will give "aid" only when "reforms" make progress as demanded.

Imperialists are attempting to control those countries, and to enslave them not only economically but politically too.

Imperialists basically have no ability to help other countries. Currently, Western powers advocating "aid" are themselves in grave economic crises. To find a way out, they are increasingly and desperately in competition among themselves. One can see it clearly in the "car war," "price war," "steel war," and the "fishing war" now under way between imperialist countries and their allies. Needless to say, the drowning person cannot afford to rescue others.

Imperialists, greedy by nature, can never be philanthropists; therefore, they can never bestow "goodwill" or "benefits" on others. It is an absurd illusion to place any hope on them.

Countries having pinned their hopes on imperialists' "aid" and accepted their demands now find themselves in political chaos and disorder, economic slumps and bankruptcies, and increasing crime, a fact shaking them to the foundations today, with the people raising a howl of pain in the direst distress.

No one should have any illusions or pin any hopes on imperialists.

Revolutionary peoples of the world should not be deceived by their cunning tricks but hold firm to anti-imperialist principles.

DPRK: Imperialists Ideological Infiltrations Condemned

962C0005A *Pyongyang MINJU CHOSON in Korean*
9 Sep 95 p 6

[Article by Choe Song-kuk: "Imperialism's Ideological and Cultural Infiltrations Are a Vicious Method of Disintegration"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il, in his immortal classic work "Giving Priority to Ideological Work Is an Indispensable Requirement for Achieving the Socialist Cause," elucidated scientifically, precisely, and logically the intrinsically reactionary nature and baneful influence of the bourgeois ideology and culture, as well as the aims and dangers of imperialists' ideological and cultural infiltration maneuvers and the vicious methods they employ. He then put forth the task of fighting against imperialism's ideological and cultural offensives. Theoretically and practically, this is of great significance in the struggle to protect and defend socialism with tenacity, to achieve the nation's self-dependent developments and social progress, and to realize the independent stand and attitude of the masses.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

"Imperialism's ideological and cultural infiltrations are a means of aggression and intervention carried out under the cloak of 'cooperation' and 'exchange.' They are a vicious method of disintegration to paralyze the healthy ideological consciousness of people with the poison of the reactionary bourgeois ideology in order to corrupt and deprave them."

In connection with the collapse of socialism and the subsequent revival of capitalism in some countries,

the present-day imperialists have been touting it up, with increasing zeal, as a "victory" of their strategy of infiltration with bourgeois ideology and culture.

As taught by the great leader [yongdoja] Comrade Kim Chong-il, imperialism's ideological and cultural infiltrations are a vicious method of disintegration employed by imperialists to inject bourgeois toxins to other nations—in disguise of "cooperation" and "exchange"—and paralyze the sound ideological consciousness of people to corrupt and deprave them.

Imperialists have always been using ideological and cultural infiltrations as one of their major tools for aggression against and domination over other countries and peoples. For a long time, they have been stressing that "ideological coercion" and "propaganda and mental pressures" are greatly effective in disintegrating and transmuting progressive peoples from within and taking them onto the capitalist road to establish their rule and control over them, that their "societies" therefore should be transformed to "a Western mode by instilling them with Western principles, styles, interests, and ways of life." In plain language, and metaphorically, what imperialists mean is that their way of life—down to the way they dress themselves, not to mention the ideologies and mentality—should completely be replaced with the Western way.

Imperialists' ideological and cultural offensives are, in fact, an act of aggression minus gunfire.

Noteworthy of their current ideological and cultural infiltration maneuvers is that they are taking advantage of current international developments more than ever to intensify them.

The collapse of the East-West Cold War order put international relations on a path to relaxation and diversification.

Imperialists, riding on this tide, have stepped up ideological and cultural infiltrations in the name of "cooperation" and "exchange."

The "cultural cooperation and exchange" trumpeted by imperialists is a tool for feeding other nations with toxins of bourgeois ideology and culture to paralyze the self-dependent consciousness of people, to mentally cripple them, and to disintegrate and transmute their societies ideologically and politically.

Under all sorts of plausible pretexts, including "establishment of diplomatic relations," "rapprochement," "technology cooperation," "joint development," and "joint venture," imperialists send out agents disguised as diplomats, reporters, engineers, businessmen, men of culture, or tourists, and make them spread bourgeois

ideology and culture widely. Scouts and shock troopers thus sent into other countries for the ideological and cultural infiltrations preach various reactionary trends of thought—such as the “superiority” of bourgeois ideology and culture, “freedom of thought,” individual egoism, money worship, materialism, and existentialism—everywhere they go, propagating the bourgeois view of life, life style and morality, and their corrupt and decadent fashions of life. For instance, the “U.S. Information Agency,” an agency for foreign propaganda and covert operations, employs as many as 10,000 people, squandering \$1 billion annually to propagate the rotten American culture and way of life through radio stations built in various countries and regions the world over and a variety of other means.

In the information and cultural areas, imperialists are also pouring bourgeois publications, articles of literature and arts, and various kinds of videos into other countries under the cloak of “cooperation” and “exchange.” These vehicles of bourgeois propaganda are invariably designed to foster indolence and pleasure-seeking, extreme individual egoism, and money worship, in order to stir up the wind of “liberalization” among people. They act as media in the proliferation of bourgeois ideology and culture. Their circulations contaminate people with toxins of reactionary ideology, transmuting them ideologically, mentally, and in terms of class consciousness; as a result, they would adore the West and become morally degenerated and corrupt, inevitably reducing themselves to the vulgar and perverted scum of society devoid of conscience and reason. Further, it leads to the decay and ills of the society.

Imperialists, posing as “philanthropists” or “benevolent teachers,” are dumping their commodities in other countries in the name of “economic aid.” They print phrases reflecting their bourgeois ideology and sexual, decadent life style in their goods, trademarks and packing materials. By these methods, they mislead people and stir adoration for and illusions about capitalism among them.

Main targets of their ideological and cultural offensives today are countries that are holding firm to socialism or aspiring to self-dependence and socialism, because they regard them as major obstacles to their effort to preserve and expand the old order of domination and enslavement and realize their ambition for global control. They are attempting to infiltrate those countries with their bourgeois ideology and culture, making people there ideologically and mentally ill, and thus to turn them to capitalism.

Once the door is opened to imperialism’s ideological and cultural infiltrations, the society disintegrates and transmutes, giving way to disorder and chaos, pushing

the nation onto the capitalist road, and plunging it into the abyss of foreign domination and enslavement. It is a fact demonstrated by realities in the countries where socialism has collapsed. Those countries capitulated to imperialism’s ideological and cultural offensives and accepted the bourgeois ideology and life style; the result is that the revolutionary spirit and class consciousness of people has been paralyzed, the socialist ideological position crumbled down, and capitalism revived. Developments in those countries, as the great leader [yongdoja] Comrade Kim Chong-il elucidated, left the grave lesson behind that the transmutation of socialism begins with ideological transmutation, and that if the ideological front collapses, all the socialist fronts collapse and, in the end, socialism goes down the drain in its entirety.

Therefore, countries defending or aspiring to socialism should heighten their vigilance against the ideological and cultural infiltration maneuvers perpetrated by imperialists in the name of “cooperation” and “exchange” and step up their struggles against them. If they do so, such maneuvers will have had their days.

DPRK Article Contends Liberal Ideology Destroys Socialism

962C0010C *Pyongyang NODONG SINMUN*
in Korean 20 Oct 95 p 6

[Article by Kim Chu-kyong: “Liberalization Wind, If Tolerated in the Ideological Realm, Destroys Socialism Completely”]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

“Historical experience clearly shows that if ideology is liberalized and anti-socialist ideological trends spread, and if ‘multiparty democracy’ is permitted and free activity of anti-socialist parties guaranteed, class enemies and reactionaries will gain strength and perpetrate anti-socialist maneuvers. And they will proceed to oust the working-class party from power.”

Socialist society is a society guided by socialist ideology. It is a society that develops with socialist ideology as its basic driving force. Unlike capitalist society in which money is everything, it is a society developing by ideological strength and by the conscious and creative activity of people armed with socialist ideology; therein lies the intrinsic characteristics of socialist society. It is, therefore, a fundamental task in defending and developing socialism that we, in the socialist society, ensure the unitary rule of the socialist ideology and realize the unity and solidarity of the masses of people based on it.

If we should allow anti-socialist ideological trends to spread under the pretext of "freedom of ideology" or things like that in disregard of such characteristics of socialist society, and if we should guarantee free activity of anti-socialist parties, class enemies and reactionaries will gather strength and perpetrate vicious, anti-socialist maneuvers, eventually bringing down socialism and reinstating capitalism.

The fact that socialism collapsed in former socialist countries, giving way to the revival of capitalism, bears vivid testimony to this fact.

In the initial phase of "perestroika," socialism's betrayers raved about it as if it had been "a thing to bring more of socialism and more of democracy." They slandered and vilified the past political system, asserting that the "extreme nationalization" of all social activities under it had severely restricted the "freedom of ideology" and "democracy." And they called for "ideological liberalization" under the slogans of "openness" and "pluralism."

As they made headway gradually, the counterrevolutionary true colors of "perestroika" and "pluralism" came to light. Their "ideological liberalization" was unveiled as being in essence based on a counterrevolutionary plan to spread anti-socialist ideological currents in the socialist society and permit activity of anti-socialist parties and thereby to drive out the working-class party from power.

The "ideological liberalization," carried out under the slogans of "openness" and "pluralism," first of all created ideological and mental confusion among people, causing them to lose faith in socialism.

The process of development and consummation of socialist society is, precisely, the process of reforming every part of social life in consistency with demands of socialist ideology; most important here is to arm all members of society with socialist society and thereby to dye the whole society one ideological color.

Socialism's betrayers, however, abandoned the work of arming people with socialist ideology. While calling for "ideological liberalization" under the pretext of "realizing democracy" and bringing the creativity of people into play, they spread reactionary, bourgeois ideologies in the socialist society and waged vicious counterrevolutionary maneuvers to reinstate capitalism.

The "freedom" of ideology in the capitalist society, which they raved about in their propaganda, is nothing but a deception. Superficially it indeed appears that various ideological currents are allowed, but all of them inundating the capitalist society are only varying types and expressions of bourgeois ideology. What imperialists call the "freedom" of ideology is only a

deceitful slogan to cover under the cloak of "freedom" their maneuvers to suppress progressive ideologies and to spread bourgeois ideology in the capitalist society.

Socialism's betrayers, while ranting and raving about "ideological liberalization" in the socialist society, spread anti-socialist ideological currents to create ideological and mental confusion among people; they were trying to create favorable conditions to bring in the capitalist political mode.

Successes and accomplishments made in socialist construction in the past were denied across the board in the name of "openness" and "pluralism," while anti-socialist ideological currents began gathering strength.

In the former Soviet Union, socialism's betrayers made a "reevaluation of history" racket, claiming that "there should be no blank in history, and there are people we should not forget." Thus, they viciously denigrated accomplishments of their predecessors, making a show of themselves by "rehabilitating" those condemned by the people in the past for their counterrevolutionary maneuvers. Riding on the tide of "openness," anti-socialist elements seized control of propaganda media, including numerous newspapers and magazines; the media, now freed from all restrictions, went mad for disparaging socialism and extolling capitalism. Counterrevolutionary ideologies and views hostile to socialism openly came to the fore, denouncing communist party policies; slandering and vilifying socialism as "totalitarianism" or being "regimental," they threw mud at the history of socialism, soiling its image among people.

At the same time, socialism's betrayers opened the door fully to the ideological and cultural infiltrations by imperialists. Thus, the country was flooded with sexual films, videos and books praising capitalist system and preaching the bourgeois way of life; the broad masses of people and youths fell victims to the reactionary Western ideological offensive filled with vicious lies and fabrications about socialism and with corrupt bourgeois culture.

In consequence, people lost their faith in socialism and instead began harboring illusions about capitalism.

At the time, a Soviet newspaper wrote: "People are doubting if this land they tread on is indeed a socialist land. At a time when the history of socialism in which they lived is put to trial and thoroughly disavowed, and when social democracy and capitalism are praised to the skies, they are becoming nihilistic and frustrated. People are questioning where they are headed for."

By tolerating the ideological liberalization under the slogans of "openness" and "pluralism," socialism's betrayers opened the door to counterrevolutionaries and their

maneuvers so that they can destroy the unity and solidarity of the masses of people and topple the popular government.

An ideological struggle is a prelude to a political struggle, which inevitably leads to a power struggle.

In 1991, the so-called Social Organizations Law" appeared in the former Soviet Union, which legalized activities of political parties and social organizations advocating different ideologies and views. Prompted by this development, counterrevolutionary elements and political swindlers came to the fore as if their day had come; anti-socialist parties and organizations of all types and colors mushroomed, demanding that the CPSU give up its "monopoly of power." Each and every of them came forward babbling about plans to take power.

A certain party formed by CPSU renegades, which held it out as its mission to oppose the "socialist options of the Soviet society," took the lead in the maneuvering to oust the CPSU from power and reinstate capitalism in the Soviet society.

The numerous other anticommunist parties and organizations, while scheming to draw the masses to their side and attain their political aims, also went mad for splitting and fragmenting the masses and reviving capitalism.

Eventually, the CPSU was dissolved in August 1991. Thus, the socialism that had existed for decades collapsed overnight, marking a tragic end.

All the facts positively prove that in order to defend and develop socialism, it is imperative that we, first of all, arm all members of the society with the socialist ideology and thereby dye the entire society one ideological color, and that we absolutely do not tolerate ideological elements of any other colors.

DPRK: 'Imperialists' Global Domination Strategy Attacked

962C0011B *Pyongyang NODONG SINMUN*
in Korean 22 Oct 95 p 6

[Article by Paek Mun-kyu: 'Imperialists' Foreign Economic Strategies Aimed at Realizing Their Dominationist Ambition"]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught as follows:

"Although the Cold War order of the past, a product of the superpower confrontation, is crumbling down, the old imperialist forces remain intact, with imperialists pursuing their ambition for global domination with no change."

Imperialists try to fulfill their dominationist ambition by any means, fair or foul. The strategies of economic domination they use as a major instrument to intensify exploitation and plundering against other nations, and to gain control over them, are one of such means.

The strategies are designed to carry out their dominationist ambition under the changed situation by using economic power along with military means.

With the Cold War over, intensive efforts for peaceful environment and economic development are in progress in many regions and countries around the world. In fact, keen economic competition is under way in the international arena today, and economic relations, it can be said, have become the basic factor of international relations. Imperialists, taking advantage of this very trend of the times, are wielding their economic power to draw more countries into their sphere of domination.

First of all, they are trying to enslave underdeveloped nations economically, through "aid" and "cooperation."

The greatest needs of developing nations having embarked on new society construction today are funds and technology. These countries, having suffered under imperialists' colonial rule for a long period of time in the past, are backward economically and technologically; consequently, even in building some simple plants, they are confronted with the problems of technology and funding. Today, on the threshold of the 21st century, it is the most pressing task for these nations to develop their economies and achieve national prosperity.

Imperialists, exploiting the current plight of the developing nations, are engaged in aggressive activities for economic infiltrations into these countries. One of the means they are using to that end is "aid" and "cooperation."

In the name of "aid" and "cooperation," they either give them "loans" or establish multinational corporations. Thus, they gain control of the economic lifeline of these countries by increasing their economic dependence. In fact, Western multinational corporations that made inroads into developing nations seized control of major economic sectors in these nations on the pretext of "joint investment" and, while manipulating them as they please, they are indulged in exploitations and plundering. At the same time, toward countries acting against their will, they ruthlessly respond with economic pressures and sanctions, tightening their stranglehold on them and making it impossible to get out of their control.

The old international economic order has become another major instrument for imperialists today in pursuing their economic domination strategies.

Currently, imperialists, while using their monopoly position and arbitrarily regulating prices at international markets, are intensifying exploitations and plundering. Using the method of pricing their own industrial goods high while on the other hand manipulating the prices agricultural products and other primary goods produced by developing nations to be set low, they are increasing their economic control and domination over these countries. In this respect, imperialists are in alliance with one another. So, the developing nations are compelled to pay an exorbitant price at international markets even for a simple machine they need; yet they are deprived of their own products at cheap prices. Meanwhile, imperialists impose tight restrictions on imports from developing countries through high tariff barriers. Finding fault one way or another with the quality or packing of shipments to capitalist markets from developing nations, they would drive them out of the markets, causing developing nations to suffer heavy losses in trade.

Brazen economic blockade is one of the cruelest methods being used by imperialists to secure their dominion over other nations. Their sanctions are directed against nations resolutely sticking to the anti-imperialist, self-dependent position.

Not long ago, the United States announced a decision to drop some countries from the list of nations to which it exports computers. The U.S. position was that it cannot grant them economic "benefits" because they remain "dangerous countries" and that the United States cannot "recognize" them internationally.

The "dangerous countries," as the United States calls them, are none other than those not yielding to its demands but taking the road of self-dependence. It is thus attempting to bring them to their knees by putting political and diplomatic pressures and, at the same time, taking economic "sanctions" against them.

Its persistent sanctions against Cuba and Libya are good examples. The United States has been applying economic sanctions against Cuba and Libya on an absurd pretext; through the sanctions, it is attempting to create chaos among people of these countries to gain their dominationist ends.

U.S. officials, while pressing direct economic sanctions against anti-imperialist, self-dependent nations, are pressuring other countries, too, into having neither trade nor other economic relations with them. And if some countries begin trading or having other economic relations with the countries they define as "hostile," they take retaliatory measures against them too. By doing so, they are trying to add to the difficulty of the economic situations in developing nations and create political chaos, so as to bring them to disintegrate from within.

Imperialists are using their economic control method not only on developing nations but on other nations as well.

In regard to their "economic aid" to East European countries where socialist has collapsed, imperialists make it the first prerequisite that these countries make headway with their "reforms."

In other words, imperialists hang out the signs of political Westernization and economic liberalization in the forefront, linking their dollar grants to progress made toward them in these countries. Consequently, the farther the "economic aid" hands of imperialists reach, the deeper becomes the economic servility of these nations, and the worse the livelihood of their peoples. It is by no means an accident that imperialists are now crying hurrahs over the present state of East European nations, saying their economic control strategies are "winning."

Imperialists would never try to help other nations from the heart. Their aggressive, predatory true colors have not changed and will not change in the future either.

At present, the way for developing nations to free themselves from the economic domination strategies of imperialists is to achieve economic self-dependence. In this respect, South-South cooperation is an important way to realize it. If developing nations move on with increased economic and technological cooperation among themselves on the principle of satisfying each other's needs, they can attain all the economic development and national prosperity they want on their own without begging imperialists for aid.

If developing nations press ahead strengthening economic cooperation and ties among themselves to develop their national economies, it will leave imperialists no room to resort to economic pressures or any other blackmailing intrigues against them, and their dominationist strategies will be doomed.

Developing nations will develop South-South cooperation on the principle of collective self-reliance. And they will shatter the old international economic order and establish a new one. By doing so, they will achieve their economic liberation and realize the national sovereignty of their countries.

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**Kim Il-song Mass-Centered Party Theory
Explained, Extolled**

962C0011A *Pyongyang NODONG SINMUN*
in Korean 29 Oct 95 p 2

[Article by Sin Ung-chol: "The Achievement of the Great Leader in the Building of Our Party into a Mass-Centered Party"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il, in his classic work "The WPK Is the Party of the Great Leader Comrade Kim Il-song," elucidated that it is an immortal achievement of the respected and beloved leader Comrade Kim Il-song that he built our party into a mass-centered party deeply rooted in the broad masses of people.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

"The great leader Comrade Kim Il-song built our party into a mass-centered party deeply rooted in the broad masses of people."

The line of mass-centered party building is a creative, *chuche*-based line put forth by the great leader Comrade Kim Il-song.

The great leader Comrade Kim Il-song, with his scientific insight into the demands of our times, and into specific realities of our revolution, early on put forward his theory of mass-centered party construction to open a new road for revolutionary party construction. The theory set forth by the Great Leader is based on the revolutionary principle of *chuche* that the masses of people are masters of the revolution and construction and, at the same time, its driving force. The theory enabled the working-class party to press on with the revolution and construction, deeply rooted in and firmly united with the masses.

The mass-centered party construction theory put forth by the Great Leader is fully consistent with the inevitable demands of the working-class party building.

The working-class party can be an invincible party only when it forms a complete whole with the masses and enjoys positive support of the broad masses of people. Essentially, the working class, in its class demands, represents the basic interests of the masses of working people, its historical mission being to realize the social liberation not only of the working class itself but also of the entire masses of working people. We live in an age of self-dependence, when the masses of people have become the masters of history, and their cause of self-dependence can move forward only through a positive struggle of the broad masses of people led by the working class.

In the past period, a party was viewed as a class-based political organization representing and protecting the interests of a specific class, and as a class-struggle weapon. A party is indeed the spearhead of a specific class devoted to the struggle to realize the demands and aspirations of that class; however, if a party is formed only to represent the interests of a specific class, it can neither fulfill its basic responsibility satisfactorily as a revolutionary party nor enjoy support of the broad masses.

The mass-centered party construction line put forth by the great leader Comrade Kim Il-song is the most correct line accurately reflecting the basic interests of the masses of working people, including the working class, and the demands of the self-dependence age, and fundamentally based on the concrete realities in our country.

Based on that line, the Great Leader built a revolutionary party of *chuche* to protect the interests of the masses of people comprising workers, farmers, advanced elements of working intellectuals. By doing so, he set a brilliant example of mass-centered party construction. It is the most brilliant achievement of the great leader Comrade Kim Il-song that he built, for the first time in the party construction history, an invincible revolutionary party in which the party and the masses form a complete whole.

The great leader [yongdoja] Comrade Kim Chong-il, in his classic work, gave full elucidations of the sagacious leadership of the Great Leader, who put forth the line for the first time in history, and who carried it out brilliantly.

The sagacity of the Great Leader's leadership in the building of a mass-centered party lies, first of all, in that he ensured that workers, farmers, and advanced elements of working intellectuals were widely accepted and embraced into the party.

Only by widely accepting and embracing workers, farmers and advanced elements of working intellectuals into the party, the working-class party can acquit itself fully of its mission spearheading the interests of the broad masses.

Experience shows that if a party fails to be built into a mass-centered party for the working people, it could slide into the plight of a minority communist group at a time of tribulations for the revolution.

The respected and beloved leader Comrade Kim Il-song, taking into account the situation created in the post-Liberation Korea and the self-development demands of the party, set forth the policy of developing the communist party into a mass-centered party and implemented it out brilliantly. Thus, our party strengthened and evolved into a mass-centered party comprising workers, farmers,

and advanced elements of working intellectuals. Its flag bearing the hammer, the sickle, and the writing brush precisely reflects the revolutionary nature of our party comprising not only the working class but also farmers and working intellectuals. The Great Leader accepted workers, farmers and advanced elements of working intellectuals into the party in a consistent fashion conforming to this trait of our party as a mass-centered party, to constantly strengthen and develop it. Thanks to the sagacious leadership of the Great Leader, our party could strictly adhere to the mass-centered party construction line and, by doing so, was able to strengthen and evolve into a party deeply rooted in and united with the masses. The flag of our party bearing the hammer, the sickle, and the writing brush, which the Great Leader held aloft, is the brilliant symbol of the revolutionary party in the age of self-dependence. It is the banner of solidarity and the banner of victory for the masses of people working out their destiny on their own.

The sagacity of the Great Leader's leadership in the building of a mass-centered party also lies in that he firmly preserved the working-class-type, revolutionary nature of the party by correctly combining the numerical growth and the qualitative buildup of the party ranks.

To build a party into a mass-centered party does not mean that it is allowed to weaken or otherwise change its revolutionary, working-class-type nature. The class nature of a party is defined by its guiding ideology and struggle goal, while its revolutionary nature finds expression in the politico-ideological levels of members.

In carrying through the mass-centered party construction line, the Great Leader combined the numerical growth and the qualitative buildup of the party, consistently and correctly. The Great Leader focused, especially, on organizationally firmly consolidating the party ranks, on indoctrinating cadres and party members ideologically, and on enhancing the functions and roles of party organizations. The Leader put forth the guideline on turning the party ranks into a crack contingent, and led the way in training all party members into truly chuchetype revolutionaries; thus, his sagacious leadership led to the solid buildup of the party ranks, organizationally and ideologically. At the same time, the Great Leader pushed the party buildup work on a regular basis and on the party and working-class principles, facilitating the entry of workers, farmers, and advanced elements of working intellectuals into the party. Thanks to such leadership of the Great Leader indeed, our party could constantly expand and strengthen as a mass-centered party while firmly preserving its working-class, revolutionary nature.

The great leader [yongdoja] Comrade Kim Chong-il, in his classic work, gave his elucidations on the fact that the mass-centered party construction line put forth by the Respected and Beloved Leader powerfully demonstrated its validity and vitality in the struggle for socialist construction.

The socialist cause is a cause for the masses of people and by the masses of people themselves. Today, when socialism has become the aspiration of the broad masses of people, and when social and class bases for socialism have extraordinarily expanded, the working-class party cannot lead that cause correctly unless it is built as a mass-centered party. The process of socialist construction is, essentially, the process of remodeling all members of the society in the image of the working class, the process of converting the whole society into the working class, and here the mass-centered party construction line totally satisfies the inevitable demands of socialist construction. By carrying through the mass-centered party construction line, our party could constantly expand its ranks and further strengthen its mass-centered footing while preserving its working-class-type nature. Thus, it now can vigorously accelerate the process of converting the whole society in the image of the working class. In our country, as programs to revolutionize the whole society and give it a working-class nature, make progress under the party leadership, the working people are rapidly remodeling themselves in the image of the working class, respective to their ideological and mental features as well as their socioeconomic status. Thus, the social and class power base of our party is further expanding and strengthening. Now, kindred ties have been firmly established between the party and the masses, and the socialist cause is moving forward victoriously, relying on the inexhaustible strength of the masses of people united around the party. This is the glorious fruition of the struggle of our party holding to the mass-centered party construction line put forth by the great leader Comrade Kim Il-song as its guiding principle and striving to embody it in its revolutionary practice.

The ideology of mass centered party construction elucidated by the great leader [yongdoja] Comrade Kim Chong-il in his classic work is of great significance.

The significance lies, first of all, in that it enabled the working-class party to strengthen and develop as an invincible revolutionary party forming a harmonious whole with the masses and enjoying their absolute support.

The invincibility of a party is guaranteed when it is deeply rooted in the masses and forms a harmonious whole with them. If it enjoys the absolute support and

love of the masses of people and forms a harmonious whole with them, it has no enemies to fear and there are no tasks it cannot accomplish creditably.

The great leader [yongdoja] Comrade Kim Chong-il, in his latest classic work, synthesized the immortal achievements of the Great Leader in the strengthening and development of our party into an invincible revolutionary party deeply rooted in the broad masses of people and forming a harmonious whole with them. Then, he gave clear-cut elucidations of fundamental questions that should be cherished as guiding principles in further strengthening and developing the working-class party as a mass-centered party. Thus, the working-class party can now fully demonstrate its leadership and might as the representative of the interests of the masses of the working people.

The significance of the ideology as elucidated in the classic work also lies in that it dealt a heavy blow to imperialists and socialism's betrayers attempting to destroy the unity and solidarity of the party and the masses.

The unity and solidarity of the party and the masses evolves and strengthens through the struggle to crush all sorts of maneuvers of imperialists and class enemies who are bent on destroying it.

The party and the masses now have the impregnable unity and solidarity between them, and it is now deeply rooted in the masses of people. And the respected and beloved Comrade Kim Chong-il has brilliantly summed up the historical experience of our party in the building of a mass-centered party, making it possible for revolutionary parties and peoples to launch into a bold struggle to strengthen the party-masses unity and solidarity with new confidence and courage, and to firmly defend the unity and solidarity of their revolutionary parties against maneuvers of imperialists and class enemies.

The ideology and theory of mass-centered party construction elucidated by the great leader [yongdoja] Comrade Kim Chong-il in his classic work is a militant banner making it possible to strengthen the party, and to accelerate the revolution and construction vigorously with the might of the party and the masses forming a harmonious whole.

It is a great honor and pride for all party members and the working people to have the great leader [yongdoja] Comrade Kim Chong-il, a peerless ideologist and theoretician, high at the top of the party, and to make revolution under him. With that honor and pride engraved on their hearts, they will go on fighting for the strengthening and development of the party and for the victory of

the socialist cause, devoting everything in their power to the struggle.

DPRK Thermal Engineering Research Activities Reported

962C0010B *Pyongyang NODONG SINMUN*
in Korean 31 Oct 95 p 5

[By reporter Pyon Chang-tok: "Functionaries and Scientists of the Thermal Engineering Research Institute: A Focus on Projects of High Practical Value"]

[FBIS Translated Text] Functionaries and scientists of the Thermal Engineering Research Institute of the State Academy of Sciences are achieving brilliant results one after another in research activities to make our country, our fatherland, richer and stronger with science and technology [S&T].

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

"We should conduct a comprehensive survey to obtain a complete picture of raw materials, fuel and power resources in our country, and, based on it, develop and utilize them extensively."

It was when this institute launched vigorous activities for industrialization and generalization of research results promising comprehensive utilization of solar heat, geothermal energy and methane to extensive, practical use:

The respected and beloved Comrade Kim Chong-il assigned to the institute an honorable task to work on low-temperature heat resources and develop them for use in the people's daily life and the nation's economic development.

Functionaries and researchers of the institute, excited at the profound trust shown by the respected and beloved commander in chief [changgunnim], felt their hearts leaping with the fervor of loyalty.

Answer it with the success in research — this was the unanimous resolution of the group then.

Functionaries of the institute's primary-level party committee led by Comrade Ki No-chon, chairman, once more instilled researchers with the great trust and solicitude of the respected and beloved Comrade Kim Chong-il for the nation's S&T developments. At the same time, they took steps to enhance the role of the institute's scientific council and provide researchers with more effective assistance in the S&T field.

Functionaries took the lead, and all researchers responded with a spurt.

Comrade Kim Han-ki, chief of the cryogenic engineering laboratory, and other researchers of the lab, led the struggle. They conducted a concrete survey of waste heat from factories and enterprises, and of natural thermal resources.

Those thermal resources were found to be enormous in size.

If they were to be put to effective use by solving S&T problems involved, it promised significant contributions to the nation's economic development and to improving the people's livelihood.

The deeper they got absorbed in their project, the warmer they felt with the great trust and solicitude of the respected and beloved commander in chief, who devotes all his energies to making our country, our fatherland, richer and stronger, and who personally assigned the project to them and even arranged for the necessary facilities. It was a source of strength inspiring them with new confidence and vitality.

Putting their collective wisdom and talents together, they pressed on earnestly and persistently. Dozens of failures they encountered were not enough to frustrate them.

The new research project to concentrate heat from sources scattered and low in temperature was by no means an easy one. But researchers pressed on with it unflinchingly; they set it forth as their primary target to develop facilities suitable to conditions in our country and launched a resolute struggle to achieve it.

Neither failures nor difficulties could frustrate their fervor of loyalty for carrying out the assigned project to the end. With such enthusiasm, researchers of the cryogenic engineering laboratory developed new heat pipe and a new heat absorbing device. And based on them, they finally succeeded in producing new facilities.

Thus, they opened up a prospect of recovering waste heat from homes, nurseries, kindergartens, and restaurants, and thus gaining enough resources to ensure room heating and, at the same time, operate refrigerating facilities.

Without becoming complacent with the initial success, functionaries and researchers of the institute pushed on, setting a new, higher goal.

While resolving S&T problems arising in putting research results to practical use, they are advancing their research to absorb and utilize all naturally-generated heat and waste heat, so that the people can benefit from it.

Comrade Chin Yun-sin and many other researchers kept expanding their research for comprehensive utilization

of solar heat, geothermal energy, and methane, while those of the wind power utilization laboratory devoted all their wisdom and passion to developing a new wind power generator.

Researchers of the wind power laboratory led by Comrade Yi Sun-yong, lab chief, along with those of other laboratories, conducted a survey of wind power resources in different places and developed various types of generators.

One of them, a simple, small-type generator easy to make and useable in any place, was practical and of high value.

The great leader [yongdoja] Comrade Kim Chong-il, during his on-the-spot guidance tour of the State Academy of Sciences in late April, inspected this small-type generator and gave it a high mark.

Keeping in mind the party position that results of any scientific research should show merits in the process of being put to practical use, researchers of the hydraulic machine laboratory overcame problems linked to that process, making it possible to build tens of units of wind power generators and install them in various places. Expanding the result, they are solving on their own S&T problems in the development of generators of different capacities suitable to local conditions.

Functionaries took positive steps to help all researchers follow the example of their revolutionary research spirit and achieve results of practical value in their research activities. Comrade Chong Kum-san, director of the institute, along with researchers of the boiler apparatus laboratory and the pulverized coal laboratory, visited a certain enterprise to obtain facts about the production process there. Then they worked to solve S&T problems arising in regularizing production at higher levels.

In this process, the institute this year alone could achieve valuable research results in a number of cases and put them to practical use, contributing to the carrying through of the party's revolutionary economic strategy.

Functionaries and researchers of the Thermal Engineering Research Institute of the State Academy of Sciences are continuing their dynamic struggle to complete their research targets for this year—set high marking the 50th anniversary of the founding of the party which was solemnly celebrated—and to put the results into production.

DPRK: Province Labor Administration Activities Reported

962C0005B *Pyongyang MINJU CHOSON in Korean*
19 Sep 95 p 2

[By reporter: "To Establish the Revolutionary Labor Life Ethos—from the Labor Administration Bureau of the North Hamgyong Province Administrative Economic Committee"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

"It is only through regularizing and standardizing labor life that we can organize and institutionalize to high degrees the creative labor life of the working people, doing away with old habits and establishing the revolutionary labor life ethos."

Holding aloft the programmatic words of the great leader [yongdoja] Comrade Kim Chong-il on further improving labor administration activities, the Labor Administration Bureau of the North Hamgyong Province Administrative Economic Committee is planning and coordinating closely its guidance of labor administration activities, with primary emphasis on establishing the revolutionary ethos in labor life.

The bureau, first of all, is leading labor administration functionaries of administrative economic agencies of all levels in the province to thoroughly establish the chuche-based view of labor and turn labor administration solidly into a work with people, using every opportunity in labor administration activities consistently for the labor indoctrination of the working people.

To that end, the bureau organized a lecture course for them, running programs to instruct them in a systematic manner.

Comrades Sin Chang-ik and Kim Song-chol and other functionaries in the bureau, besides making full preparations for the courses in advance, personally give lectures on such subjects as the nature and objective of labor under socialism, regularization and standardization of the labor life, and socialist labor laws and regulations, making positive contributions to improving the political and business qualifications of labor administration functionaries at all levels.

They also see to it that when those functionaries return to their units, they work with labor propagandists in a substantive manner and, at the same time, they enhance their role and conduct the labor indoctrination work among the working people on a regular basis.

Especially, in establishing the revolutionary labor life ethos, the bureau attaches great significance to the regularization and standardization of labor life and is

doing a good job with its guidance and assistance in this realm.

Bureau functionaries, following the bureau schedule, make fact-finding visits to various units to see progress in the enforcement of labor discipline and regulations, use of the 480 minutes, and observance of the work-shift and work summation rules. Based on the findings, the bureau is doing its guidance and assistance work in a trustworthy manner.

This year alone, the bureau provided guidance and assistance to the Kim Chaek Iron Complex, the Chongjin Chemical Fiber Plant, and many other units, correcting common biased tendencies in a timely fashion.

Also, in regularizing and standardizing the labor life, the bureau set up models and is actively holding workshops and gatherings to share experiences.

The bureau set up the Chongjin Tractor Parts Plant as a model unit, directly showing other units how they work daily in the plant from the time they come to work in the morning to their leaving for home, how they use the 480-minute work day, what gains they have made in labor productivity, and how labor propagandists' diaries are being used, to encourage other units to learn from them.

Also to elevate the role of labor propagandists, the bureau organized meetings for them to speak on their experiences, in a positive effort to generalize fine examples.

Thus, the requirements of socialist labor laws, labor discipline and regulations are being met thoroughly in all units and the revolutionary labor life ethos is being given full play as they faithfully participate in creative labor for society and the collective under the "One for all, all for one" slogan.

The bureau, while striving to further solidify the results being achieved in the regularization and standardization of labor life, is putting even greater efforts into its guidance work to thoroughly establish the revolutionary labor life ethos in all units.

DPRK: Class Consciousness of Working Class Reviewed

962C0010A *Pyongyang NODONG SINMUN*
in Korean 13 Oct 95 p 6

[Article by Won Kyong-ho: "Paralysis of People's Class Consciousness, If Allowed, Leads to Socialism's Degeneration"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il, in his immortal classic work

"Giving Priority to Ideological Work Is an Indispensable Requirement for Fulfilling the Socialist Cause," clearly elucidated how important it is in fulfilling the socialist cause that we hold fast to the working-class viewpoint and position and arm people with the class consciousness of the working class.

Socialist society is a society embodying class-based demands of the working class. What constitutes the basic core in socialist ideology is the class consciousness of the working class, which, it can be said, is the life of socialist society. Since the process of socialist, communist construction itself is the course of nature remaking, social reform, and human remolding, the work of arming people with the class consciousness of the working is a matter of great importance connected with the question of the destiny of socialist society.

Especially, under the circumstances where the maneuvering of imperialists bent on liquidating socialism, as well as hostile elements in collusion with them, are continuing ceaselessly, and where new generations having no experience in revolutionary ordeals have become the revolution's successors, the work of arming people with the class consciousness of the working class is an important task that should be pushed ahead steadfastly with no interruption throughout the course of the socialist cause.

In the struggle for socialism, if we should fail to hold fast to the working-class viewpoint and position, and if we should belittle the work of arming people with the class consciousness of the working class, people will be left with a blurred class view and unable to tell friends from foes, and ultimately playing into the hands of imperialists and socialism's betrayers to make a mess of socialism.

Developments in the former Soviet Union and East European nations, which had once been socialist countries, bear vivid testimony to that fact.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows:

"Departure from the working-class viewpoint and position leads, precisely, to degeneration of socialism. Degeneration of socialism means class degeneration. Socialism's betrayers worked to paralyze the class consciousness of people under such deceitful slogans as 'new way of thinking' and 'human values,' causing socialism to fall in class degeneration."

The return of capitalism in the former socialist countries was the result of the vicious maneuvers of socialism's betrayers to push socialism into class degeneration.

Their maneuvering began with such deceitful slogans as "new way of thinking" and "human values" aimed at paralyzing people's class consciousness. They asserted that at a time when science and technology are so advanced as they are today and when war—because of the appearance of nuclear weapons—will produce neither winner nor loser but the destruction of mankind, it is necessary that people develop a "new way of thinking." The aggressive nature of imperialism never changes; nevertheless, socialism's betrayers claim as if imperialism had changed its true colors, clamoring for cooperation with it. They preached that socialism and imperialism should work for peaceful coexistence and cooperation, that people should give priority to "human values" over the class and national interests, and that international relations should be "de-ideologized."

This was, in fact, a sly trick to make people nourish illusions about imperialism under the cover of the "human interests," put their class consciousness to paralysis, and bring them to abandon the working-class viewpoint and position in the revolution and construction.

To instill their capitulationist line into people, socialism's betrayers, first of all, gave priority to seizing control of ideological propaganda. Taking advantage of the leading positions they occupied, they ousted trustworthy workers, replacing them with stooges infected with Western ideologies. Thus, as they controlled the means of ideological and cultural operations gradually, they began stirring up illusions about imperialism and preaching compromise with and capitulation to it, in every possible way. In the case of the former Soviet Union, those having seized the control of the press and publications in the name of "reform" and "perestroika" devoted themselves to creating illusions about imperialism, alleging that imperialism had become what they called "peaceful imperialism" or "ideal imperialism" or things like that.

At the same time, socialism's betrayers actually abandoned the working-class viewpoint and position and took to pursuing capitulationist policies before the eyes of imperialists. In the former Soviet Union, they bargained directly with Americans on arms reductions, making successive, unilateral concessions and thus making a show of themselves. For instance, in the treaty on the reduction of IRBM and shorter-range missiles signed in December 1987, while the United States agreed to dismantle 846 of their nuclear missiles over 3 years, the USSR agreed to scrap 1,846 or nearly twice as many for the same period. Similar phenomena continued unabated. It was, a counterrevolutionary behavior, in fact, equivalent to making eyes at a class enemy and disarming in his face when the enemy is on the attack with

his sword drawn. Moreover, they betrayed their former allies, turning them into an offering to the imperialist altar.

Furthermore, internally, under the slogan of "reevaluation of history," socialism's betrayers opened the way for class enemies to strut about freely, creating ideological confusion among people. Their "reevaluation of history" was in essence a farce to "rehabilitate"—and openly praise the records of—those who in the past had been branded class enemies and punished for opposition to socialism and for maneuvers for reinstating the system of exploitation. In the former Soviet Union, they staged such farces in a big way and, as a result, many counterrevolutionaries were officially rehabilitated. One of them was for positively "reevaluating" and giving prominence to persons and their works earlier viewed as reactionary writers and reactionary works. The situation went from bad to worse until writings debasing the socialist October Revolution were openly published. In the East European states too, those having hated socialism intensely in the past made their comeback and began swaggering about, and chanting the praises of their days.

This situation made it impossible for people to distinguish right from wrong, and eventually opened the way for class enemies to run the show.

Especially, socialism's betrayers totally abandoned the class indoctrination of youths and children, desperately trying to corrupt them ideologically. Quibbling that the indoctrination question on new generations would be resolved automatically when socialist system is established and material life improves, they maneuvered—overtly and covertly—to prevent youth and children's organizations from carrying on ideological indoctrination programs for members. They forced them to disband or reorganize into clubs. Finally, they ordered the discontinuation of indoctrination programs and sociopolitical activities for youths and children. They instead extensively introduced the Western life style, spreading sex and prodigality, individualism and the money-is-everything thinking among them. Consequently, gone from among the new generations—who know of no exploitation and oppression, and who have no experience in ordeals of an arduous revolution—was the spirit of loving the fatherland and the people and holding fast to socialism. And in its wake came the early signs of them pursuing individual indolence and pleasure. Ultimately, they took the lead in counterrevolutionary activities against socialist system.

Having thus abandoned the working-class viewpoint and position, glorified and embellished class enemies and preached compromise with them, and, through it, having paralyzed the ideological consciousness of people, socialism's betrayers could finally launch into

maneuvers for the reversion to capitalism with no hesitation.

Today, in countries where capitalism has been restored, former class enemies and reactionaries are running the show, while on the other hand the broad masses of working people—who had enjoyed a happy life as masters of the state and society—are subjected to misery and sufferings. Internationally, too, those countries are bowing to pressure from imperialists.

Realities in those countries offer a lesson of blood that if we fail to hold fast to the working-class viewpoint and position in the struggle for socialist construction, and if we belittle the work of arming people with the class consciousness of the working class, we will be taken in by class enemies, with socialism we won with our blood toyed with by them.

South Korea

Arrested ROK Citizen To Be Tried in ROK for U.S. Crime

SK0901221796 Seoul YONHAP in English
1034 GMT 9 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP) — The Seoul prosecution on Tuesday arrested a former Korean student in the United States who had fled into the country after being prosecuted in the U.S. on rape charges.

The man, identified only as Chang Chun-ho, age 21, is suspected of kidnapping, in collusion with another South Korean in the U.S., a Japanese-American coed into a motel and raping her somewhere in New Jersey in July 1993.

He was prosecuted in the U.S. and set free in March 1994 at a bail of 350,000 dollars, upon which he somehow managed to flee into Korea and had gone into hiding.

The United States asked for his extradition. But, the prosecution decided to deal with him in the country in view of the lack of an extradition agreement with the United States.

The prosecution was investigating him to find out, among other things, where he obtained the 350,000 dollars he used in paying the bail and how he could slip into the country.

ROK Paper Analyzes U.S. Decision on Food Aid to DPRK*SK2401103796 Seoul TONG-A ILBO in Korean
24 Jan 96 p 30*

[Article by Yi Chae-ho from Washington: "The Background of the U.S. Decision To Provide Food Aid to North Korea"]

[FBIS Translated Text] The U.S. Government has decided to provide grain worth \$2 million to North Korea on humanitarian grounds. Despite the ROK Government's reserved position regarding the provision of food aid to North Korea, U.S. media has stated that the United States "should help North Korea on humanitarian grounds."

Furthermore, the United States believes North Korea has faithfully and comparatively implemented the Geneva framework agreement regarding the North Korean nuclear issue. The key to the Geneva framework agreement is reciprocity. This means that if one side properly observes a promise, the other side will repay in kind. The United States believes the continuity of providing food aid to North Korea will be helpful to freezing North Korea's nuclear development.

The reason the United States is using the Agricultural Transaction and Development Aid Act (known as PL480) as the legal foundation for providing food aid to North Korea is because it has not yet removed economic sanctions against the North. North Korea cannot receive economic aid from the United States in accordance with the Foreign Aid Act of 1961 (FAA61), which prevents the U.S. Government from providing aid to communist countries, as well as section 620A of the Foreign Aid Act, which prevents it from providing economic aid to terrorist countries.

Of course, the President of the United States has been granted the right to provide economic aid to North Korea without being subject to this act. It is the reserved right of the President as specified in section 614(A) of the Foreign Aid Act. The article specifies: "If the President deems it is important for the interest of U.S. security to provide economic aid to a certain country, and if he informs Congress of its importance and provides documentation, then he can provide economic aid to a terrorist country up to \$50 million per year." However, the President should closely consult with Congress. Thus, very few previous Presidents have used the article.

Accordingly, the United States is going to use PL480. Chapter Two of PL480 specifies that despite certain limitations and prohibitions, Presidential emergency food aid can be expanded under special circumstances.

The problem is how to persuade the ROK Government, not Congress. A relevant U.S. Government official stated that during a policy coordination meeting between the ROK, the United States, and Japan in Honolulu to begin 24 January, the issues of clarifying the U.S. position and of seeking the ROK's understanding will be discussed. It is most likely the discord between the ROK and the United States will increase if the ROK does not accept the U.S. position.

ROK's NSP: DPRK Teams Abduct ROK Businessmen Overseas*SK2401134796 Seoul KBS-1 Television Network
in Korean 1239 GMT 24 Jan 96*

[FBIS Translated Text] The Agency for National Security Planning [NSP] today announced that it recently received an intelligence report indicating a North Korean special operations team was trying to abduct five ROK businessmen in a certain Asian country, and that the NSP blocked the attempt beforehand.

The NSP said North Korea organized five special operations teams, each consisting of four to five agents of the North Korean National Security Department specializing in the abduction of and terrorism against ROK citizens; in July of last year began gathering personal data on important ROK businessmen stationed overseas, their places of lodging, and the persons they contacted; and were trying to abduct the ROK businessmen, approaching them under the pretext of organizing trade with and making arrangements for joint ventures with North Korea.

DPRK General 'Active' Despite Relative's Defection*SK2401052396 Seoul CHOSON ILBO in Korean
24 Jan 96 p 15*

[Report by Kim In-ku]

[FBIS Translated Text] It was confirmed that Hyon Chol-hae, general of the North Korean Army, is in good shape, still on the active list, despite the defection of Choe Su-pong, the wife of his nephew, to South Korea.

According to North Korea's central broadcast, when Kim Chong-il was meeting with athletes of the Armed Forces and commanding staff on 20 January, Hyon Chol-hae attended the meeting together with Cho Myong-nok, director of General Political Bureau, Kim Yong-chu, Chief of General Staff, Vice Marshal Yi Ha-il, and Generals Kim Myong-kuk and Kim Ha-kyu.

General Hyon Chol-hae is the younger brother of Hyon Chol-kyu, responsible secretary of the South Hamgyong Provincial Party Committee who is the father of Hyon Song-il, third secretary in the DPRK Embassy in

Zambia and husband of Choe Su-pong. The activities of Hyon Chol-kyu, Choe's father-in-law, have not been confirmed.

In fact, Hyon Chol-hae is not the only high-ranking official in North Korea who has not been dismissed following the defection of a family member or relative. North Korean Premier Kang Song-san still holds his position despite the 1994 defection of his son-in-law, Kang Myong-to, to South Korea.

ROK Judge Rules Fax Exchanges With DPRK Not Illegal

SK1101140696 Seoul YONHAP in English
1211 GMT 11 Jan 96

[FBIS Transcribed Text] Pusan, Jan. 11 (YONHAP) — The exchange of correspondence between South and North Korean students cannot constitute a violation of the National Security Law, a judge here ruled Thursday.

Judge Chong Hui-chang of the Pusan District Court made the ruling during the trial of Chu U-yol, student council president of Pusan National Fisheries University.

Chu was also charged with making political demands virtually identical to those voiced by North Korea and engineering student demonstrations.

"If we punish all the persons who make assertions similar to those made in the North, it would be prone to infringe on the essence of liberal democracy," the judge said.

He stressed that South Korea is an open society, which he said can grow sounder through the guarantee of ideologies and the freedom of expression.

The accused, however, was sentenced to one and a half years in prison with a stay of execution for two years on the count of organizing student demonstrations.

Chu was arrested last November on charges of preparing and distributing leaflets containing demands mirroring North Korean slogans, exchanging messages with a North Korean college through facsimile, and organizing student demonstrations.

The prosecution demanded three years' imprisonment and suspension of civil rights for three years for him.

ROK NSP Arrests Man Attempting To 'Escape' to DPRK

SK1101052796 Seoul YONHAP in English
0516 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — The Agency for National Security Planning (NSP) arrested a 33-year old man Thursday on charges that

he attempted to escape to North Korea through the communist country's embassy in Thailand.

Ha Kwang-pung, a staff member of an employment agency in Chonju, North Cholla Province, attempted to enter North Korea via Bangkok after he and his family fled the country Dec. 24 to avoid police questioning on his alleged failure to repay debts totaling 130 million won [US\$173,000], the agency said.

An NSP official said that the suspect had contacted North Korean Embassy officials in Bangkok several times in an effort to defect to the North via Beijing. Before leaving South Korea he had also been suspected by police of taking juveniles to bars.

ROK: No Compensation for Families of Dead Usong Crew

SK1201070496 Seoul YONHAP in English
0614 GMT 12 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 12 (YONHAP) — The government has decided not to compensate families of the dead crewmen of the South Korean trawler Usong '86 who were captured by North Korea last May, a government official said on Friday.

He said, "Since Usong was captured because it mistakenly violated North Korea's territorial boundaries, the government concluded that the South Korean Navy and Maritime Police are not responsible for safety of the crew."

Two crewmen were shot and killed by a North Korean patrol ship on the West Sea [Yellow Sea] last May, and one died of an illness while detained in North Korea. The remaining five crewmen and the remains of the other three were returned to the South through the truce village of Panmunjom last Dec 26.

Bereaved families, however, are demanding that the government compensate them, and refuse to accept their remains which are being held at Red Cross Hospital in downtown Seoul.

ROK Reiterates Position on More Rice Aid to DPRK

SK2401064196 Seoul YONHAP in English
0534 GMT 24 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP) — The South Korean Government reiterated its position Wednesday that any additional rice assistance for North Korea, including that from international organizations, should be preceded by rice distribution transparency in the North.

North Korea should guarantee that the rice will not be diverted to the military before any additional rice is provided, Foreign Ministry spokesman So Tae-won said in a press briefing.

On reports that the United States is considering providing North Korea with 2 million U.S. dollars worth of rice, the spokesman said, "as far as the ministry knows, the United States has no immediate plans to provide the North with any rice."

So said humanitarian assistance and other issues concerning North Korea will be discussed at Thursday's meeting between South Korean, Japanese and U.S. officials in Honolulu, Hawaii.

He also said that provision of any further assistance should be carried out in a way that would improve inter-Korean relations.

ROK Envoy Urges Japan To 'Prudently' Give Rice to DPRK

SK2401113196 Seoul YONHAP in English
1119 GMT 24 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 24 (YONHAP) — South Korean Ambassador to Japan Kim Tae-chi urged Japan Wednesday to deal prudently with the reported North Korean call on Japan for more rice assistance.

Appearing at a meeting of the Liberal Democratic Party's Foreign Affairs Research Council, Kim said there is the need for Japan to deal with the matter prudently unless there is an evidence substantiating that the rice furnished by Japan has been distributed to ordinary people.

Ambassador Kim said there is no concrete information pointing to any "food crisis" in North Korea. He noted that the rice cultivated at private lots not managed by the state does not appear in any statistical figures.

Kim also said North Korea is pursuing a strategy to ensure their survival by improving relations with the United States.

ROK Developing Measures Against Japanese 200-Mile EEZ

SK0801075596 Seoul CHUNGANG ILBO in Korean
7 Jan 96 p 1

[Report by reporter Kim Song-chin]

[FBIS Translated Text] It has been learned that Japan has reportedly decided to regard Tok-to Island as its territory in establishing its exclusive economic zone [EEZ], which is scheduled to be declared at the end of this month. Accordingly, it is likely that a new

diplomatic dispute over the dominium of Tok-to Island will inevitably be resumed between the ROK and Japan.

The Japanese Government has reportedly decided to make Tok-to Island the basis for its basic territorial boundary in the East Sea [Sea of Japan] during the establishment of a 200-nautical mile EEZ. This position of the Japanese Government runs completely counter to an overwhelming theory in international law on territorial waters which stresses that Japan's Oki Island should be the datum point for its EEZ.

This being the case, the ROK Government has decided to keenly watch the Japanese Government's declaration of its EEZ, and is now mapping out various measures to counter it by meeting with officials from relevant government organizations, such as the Ministry of Foreign Affairs, the Ministry of National Defense, the National Police Agency, and Office of the Fisheries Administration.

A high-ranking government official said on 6 January: "It is believed the Japanese Government will declare its EEZ through a cabinet decision before the Agreement on the International Law of the Sea is ratified at the Diet around the end of this month. It is also believed that at this time, the Japanese Government will make public that Tok-to Island is included in its EEZ."

This official said: "I understand Japan is attempting to present the question of the dominium of Tok-to Island to the international community by including the island in its EEZ declaration." He added: "It is our government's firm position that since Tok-to Island is our territory, the dispute over the dominium of the island is inconceivable, and that accordingly, there will be no compromise whatsoever on the question."

Stressing that "the EEZ boundary between our country and Japan on the East Sea should be between Ullung-to Island of the ROK and Oki-to Island of Japan, and that this is an overwhelming theory in the International Law of the Sea," this official stated: "It seems Japan has already established the position that Tok-to Island and Ullung-to Island are the basis of its EEZ boundary, and thus, the middle line between the two islands is designated as its EEZ boundary."

EEZ are the waters in which a country can exercise its sovereign power within 200 nautical miles from its territorial boundary based on the Agreement of International Law of the Sea, which came into effect in December 1994.

In 1977, Japan declared its 200 nautical mile fishing zone in waters other than those between the ROK and Japan, and between the ROK and the PRC, in a bid to counter a EEZ declaration by Russia and North Korea.

In our country, the National Assembly already ratified the Agreement of the International Law on the Sea last month. Our country is expected to declare its EEZ this month by sending the act of ratification to the United Nations.

ROK Criticizes Japanese Claims to Tokdo Island

SK2401051096 Seoul YONHAP in English
0457 GMT 24 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 24 (YONHAP) — South Korea reaffirmed Wednesday that its easternmost island of Tokdo cannot be a subject of territorial dispute with Japan.

Foreign Ministry Spokesman So Tae-won said, "It is evident that Tokdo is our territory and the island is occupied by South Korea in reality."

So was responding to Japanese media reports that Japan is considering proclaiming soon its 200-nautical-mile exclusive economic zone (EEZ) with Tokdo as a boundary.

The reports said that Japan informed South Korea of the position when Director General Ryojo Kato of Japan's Asian Affairs Bureau met with his South Korean counterpart Kim Ha-chung in Seoul last December.

So denied the reports, however, saying, "During the meeting between Kim and Kato, Kato just said that his country was considering declaring a 200-nautical-mile exclusive economic zone in accordance with the convention on the law of sea."

The spokesman also quoted Kim as saying that Kato also expressed the hope that the two countries will closely cooperate in proclaiming EEZs.

South Korea will also consult closely with Japan and China before declaring its EEZ as the National Assembly already ratified the convention on the law of sea last December.

"South Korea and its two neighboring countries (Japan and China) cannot unilaterally declare EEZs because no sea between the three countries is wider than 400 nautical miles," So said.

"Therefore, the three will have to discuss the issue in any form," he said.

The islet is currently guarded by the South Korean border police.

ROK Citizen Member of UN Sustainable Development Board

SK1001034996 Seoul YONHAP in English
0248 GMT 10 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — Representative So Sang-mok of the ruling New Korea Party has been appointed as a member of a United Nations advisory board concerned with seeking ways for sustainable development in environment, development, trade, women and other issues, a Foreign Ministry spokesman said Wednesday.

Rep. So will work with 16 other members of the UN high-level advisory board on sustainable development until the end of 1997, seeking ways to implement agenda 21 adopted by the UN Conference on Environmental Development (UNCED) in June 1992.

The advisory group will present a report to a UN special meeting on environment slated for late 1997, the spokesman added.

ROK's Samsung Expands Offshore Electronics Manufacturing

SK0601023496 Seoul THE KOREA TIMES in English
6 Jan 96 p 8

[FBIS Transcribed Text] The sales of electronic products manufactured in offshore locations for overseas markets will reach 1 trillion won [US\$1.33 billion] at each of the nation's top three makers this year, industry sources said yesterday.

They said Samsung Electronics, LG Electronics and Daewoo Electronics have expanded their offshore manufacturing in recent months, partly to avoid anti-dumping duties, and they should surpass the milestone this year.

Samsung in fact became the first electronics company to hit 1 trillion won (1.3 billion dollars) last year out of its total revenues of 17 trillion won (22 billion dollars).

The company had in operation 15 offshore manufacturing facilities in 1994 for total production of 1.1 billion dollars but last year expanded the network to 20 with production, worth 1.3 billion dollars.

"Samsung attained the feat just 13 years after initiating the first commercial operation of a plant for television sets in Portugal back in 1982," one Samsung official explained.

Foreigners' Purchases in ROK Stock Market Noted
SK1001015796 Seoul YONHAP in English
0054 GMT 10 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — Foreign investors bought 22,441.5 billion won worth of shares on the stock market here and sold 14,312.2 billion won worth for a net purchase of 8,129.3 billion won (10.4 billion U.S. dollars) worth on a book-value basis between 1992 when the market was opened to them and last year, the securities supervisory board said.

Foreigners' share-holdings totaled 16,722.9 billion won on a market price basis at the end of last year, representing 11.85 percent of the market's total capitalization which was up 1.66 percentage point from 1994.

Purchases from the market amounted to 14,063.4 billion won, 84.1 percent of the total foreign share-holdings, and direct investments 2,659.5 billion won, 15.9 percent.

Registered foreign investors numbered 4,286 from 55 countries, including the 859 of six countries registered last year. They included 1,520 individual investors and 2,766 institutional investors.

American investors accounted for 36 percent of the total foreign holding of 627.63 million shares, British for 23.3 percent, Malaysians for 10.3 percent, Irish for 9.1 percent and Swiss for 4.9 percent.

Foreign investors accounted for 22.2 percent of the electric appliances industry's capitalization, 13.8 percent of banks', 13 percent the chemical industry's and 6.1 percent of the metallic industry's.

The top 10 issues foreign investors bought last year were the Commercial Bank of Korea, the Bank of Seoul, Korea Exchange Bank, Korea Electric Power Corp., Korea First Bank, Chohung Bank, Hanil Bank, Shinhan Bank and Sammi Steel Co.

The top 10 issues foreign investors sold last year included Kia Motors, Hyundai Securities, Woosung Construction, Hanhwa General Chemical, Koryo Securities, Dongsuh Securities, Sunkyoung Securities, Hanshin Construction, Hanjin Heavy Industries and Kia Steel.

ROK KOTRA Official on Promoting Trade, Overseas Investment

SK1101011296 Seoul THE KOREA TIMES in English
11 Jan 96 p 8

[Report by staff reporter Sim Chae-yun]

[FBIS Transcribed Text] In the face of a rapidly changing business milieu following the birth of the World Trade Organization (WTO) the Korea Trade-Investment Promotion Agency (KOTRA) has recently

revamped its functional operations and vowed to lead the van of promoting investment from overseas and trade cooperation with foreign countries.

With the inauguration of the Investment Promotion Department in the government-invested agency, the trade body has embarked on full-fledged efforts to encourage inbound as well as outbound, foreign investment.

KOTRA's effort in this regard was also well illustrated in its name change from the Korea Trade Promotion Corporation last August.

Chong Yun-sun, 57, vice president and executive director in charge of KOTRA's trade and investment promotion affairs, is taking the role of a field commander in this respect.

"As a matter of fact, we are leaving no stone unturned in promoting investment from overseas, which has become the prime goal of KOTRA's management scheme for the years to come, as well as this year," Chong said in an interview with THE KOREA TIMES.

"In a sense, it's like KOTRA is trying out different avenues in the spirit of a second foundation of the organization," said Chong.

The creation of the new department was necessary as part of KOTRA's restructuring to cope with rapidly changing international economic situations, especially with the inauguration of the World Trade Organization (WTO), Chong said.

"This also has special meaning at a time when the globalization of investment areas is being expedited around the world with the full-fledged operation of the Multilateral Agreement on Investment (MAI) under the Organization for Economic Cooperation and Development (OECD)," said Chong.

He explained that the climate for foreign investment here has improved gradually with the expansion of items allowed for investment by foreigners and the advent of the era of local autonomy.

Despite the need for systematic efforts for the promotion of investment from abroad, especially with the expansion of regionalism over the world, Korea has so far failed to come up with efficient steps in this regard, he said.

He underlined that the first objective of the new department is to prepare comprehensive data base on the overall investment climate here.

The data will be provided to foreign embassies in Korea and their trade offices, and trading companies and organizations so that they can access the Internet and

KOTRA-Net for effective information on investments here.

In addition, trade delegations will be dispatched mainly to developed nations with the mission of exploring opportunities for inbound investment.

In a bid to facilitate technology transfers from developed nations, the organization plans to hold various kinds of seminars and explanation meetings, including the tentatively named Korea-U.S. Technology Plaza, he said. With regard to incentive programs for foreign companies wishing to invest in Korea, Chong said information centers will be set up in KOTRA's trade offices in 13 major trading countries to provide the nations' business organizations and companies with valuable information on Korean investments.

"The organization will try its best to find the exact situation and difficulties faced with foreign companies investing here in cooperation with related organizations," he said.

On the basis of the fact-finding results, KOTRA will prepare recommendations to the government for policy reflection, he added.

He called for more financial assistance at the state-level for the new department in order to promote advertisement activities in local papers to encourage investment by foreign companies and buyers doing business in Korea.

ROK's Choe Chae-uk Declares Withdrawal From NKP

SK0901080896 Seoul YONHAP in English
0628 GMT 9 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP) — Rep. Choe Chae-uk of the New Korea Party (NKP), former presidential spokesman under the Chon Tu-hwan administration, declared Tuesday he is withdrawing from the ruling party.

Elected from a Taegu electoral district, Choe, in a news conference, said he is deeply heartbroken to see that the former government under which he served has been defined as a "rebellious regime" and that the president which he served under has been arrested on charges of insurrection.

Choe was the only lawmaker of the ruling party who voted against the National Assembly's enactment last month of a special May 18 law on the 1980 military crackdown on pro-democracy demonstrators in Kwangju.

In a related development, Rep. Kim Sang-ku of the NKP will reportedly bolt the party Wednesday to run as an

independent candidate in the upcoming general elections in April.

Elected from Sangju, North Kyongsang Province, Kim is Chon's brother-in-law.

ROK Governor Leaves ULD To Ensure 'Fair' Elections

SK1001031296 Seoul YONHAP in English
0245 GMT 10 Jan 96

[FBIS Transcribed Text] Chongju, North Chungchong Province, Jan. 10 (YONHAP) — North Chungchong provincial governor Chu Pyong-tok announced Wednesday he is leaving the United Liberal Democrats (ULD) to entirely devote himself to his official duties as governor.

In a press conference at his office, Chu said he is bolting the opposition party "because his partisan affiliation will be a stumbling block to fair and clean general elections in April." Running on the ULD ticket, he was elected to his post in last year's local elections.

Chu's withdrawal followed the case of Seoul Mayor Cho Sun, who left the Democratic Party at the end of last year.

Meanwhile, ULD spokesman Ku Chang-nim charged that the governor leaving has "nothing to do with his own intentions, but rather the result of the persistent appeasement by the government and the ruling party."

"We will thoroughly cope with any unfair maneuvering by the ruling camp in connection with the general elections," the spokesman said.

ROK's DP Urges ULD Leader Kim To Quit Politics

SK0801080896 Seoul YONHAP in English
0728 GMT 8 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 8 (YONHAP) — The minor opposition Democratic Party (DP) will introduce to the National Assembly a draft resolution calling on President Kim Chong-pil of the rival opposition United Liberal Democrats (ULD) to quit politics.

The DP decided at its Supreme Council meeting held Monday, to make a motion recommending that parliament pass the resolution during its extraordinary session later this week, DP Spokesman Yi Kyu-taek said.

Kim has had played a key role in both the 1961 coup d'etat, and the corrupt corporate-political collusion that followed, and yet he has eulogized the coup as a revolution and has been trying to cash in on provincial rivalries to extend his political life, the DP charged.

He should step down from his posts as a National Assembly member and ULD president, it demanded.

In response, the ULD characterized the DP's move as "deplorable behavior" which undermines political ethics and misleads parliament.

Assistant ULD Spokesman Kim Chang-yong countered that DP leaders are the very people who should quit politics, calling them "political gypsies looking for constituencies."

A call for the retirement of a political leader who enjoys public support is in direct opposition to the spirit of a free democracy, and would only be successful if this country were a dictatorship, he asserted.

ROK's Yi Ki-taek Announces Pusan Haeundae Candidacy

SK1001052196 Seoul YONHAP in English
0449 GMT 10 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — Rep. Yi Ki-taek, permanent adviser to Democratic Party (DP), announced Wednesday he will run in the 15th general elections in Pusan's Haeundae constituency.

"I have made a very difficult choice between Haeundae and Pohang (North Kyongsang Province). In the end, I chose Haeundae because I thought I should not let Pusan, which used to be a bastion of opposition forces, remain as barren land for the opposition camp," the former DP president said.

Yi made the announcement in a press conference at his office in the National Assembly building.

In the 14th general elections held in 1992, the Democratic Liberal Party overwhelmed opposition parties in Pusan, a political stronghold of incumbent President Kim Yong-sam.

"Throughout the 35 years of my political career, I have consistently made an effort to form a powerful opposition party," Yi said, "and now I am going to let my political fidelity and conscience be judged by the citizens of Pusan."

ROK Parties Fail To Agree on Electoral Districts Issue

SK0801065796 Seoul YONHAP in English
0642 GMT 8 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 8 (YONHAP) — The ruling and opposition parties failed to reach an agreement on the minimum and maximum populations of an electoral district in their behind-the-scenes negotiations Monday.

Therefore, they had to postpone a meeting of floor leaders scheduled for later that day to Tuesday, and a working-level negotiation slated for Tuesday is also expected to be put off.

Rep. So Chong-hwa, floor leader of the ruling New Korea Party (NKP), met with his counterparts from the opposition parties — Rep. Sin Ki-ha of the National Congress for New Politics (NCNP), Rep. Yi Chol of the Democratic Party (DP) and Rep. Han Yong-su of the United Liberal Democrats (ULD) one after another Monday morning.

At the senior party officials' meeting earlier in the day, the NKP reaffirmed its position that the maximum population gap between electoral districts should not be wider than 1-to-4 and that the population should not be less than 91,000 or more than 364,000.

The NCNP is asserting that the population should be somewhere between 70,000 and 280,000, while the DP is sticking to its position that the gap should not be bigger than 1-to-2.

The ULD, meanwhile, is insisting that the population of an electoral district should be between 75,000 and 300,000.

Meanwhile, political sources hinted that the four parties are studying the 75,000-300,000 range as a realistic formula.

The Constitutional Court ruled on Dec. 27 that the existing integrated election law, which provides for big population differences between electoral districts, is unconstitutional. The ruling has prompted political parties to discuss the revision of the law.

ROK Opposition Favorably Views President's Talks Offer

SK0901054096 Seoul YONHAP in English
0500 GMT 9 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP) — President Kim Yong-sam, in his televised new year's message to the nation Tuesday, said that he would meet the leaders of ruling and opposition parties to discuss holding the coming parliamentary elections in a clean and fair manner.

The chief executive has thus changed his stance toward the summit demanded by the opposition, since its landslide victory in the local elections held in last June.

The opposition leaders — Kim Tae-chung of the National Congress for New Politics (NCNP), Kim Won-ki and Chang Ul-pyong of the Democratic Party (DP) and Kim Chong-pil of the United Liberal Democrats (ULD)

— welcomed, in principle, the president's summit overtures.

It seems likely, then, that President Kim and New Korea Party (NKP) chairman Kim Yun-hwan will host a government-opposition summit at Chongwadae [presidential offices] in the near future.

A Chongwadae official said President Kim would meet the political party leaders to discuss ways of insuring a clean and fair general election, adding that working-level officials from the ruling and opposition camps would meet first to discuss arrangements for the summit.

But DP Co-Chairman Kim Won-ki said that the agenda for the summit should not be limited to issues concerning the coming election, but should include other political problems facing the nation today. Other opposition leaders appear to support this position.

At any rate, the summit, when it takes place, is expected to unravel the political tangle the nation has experienced since the local election last June.

The NCNP ceded from the DP to become the major opposition party under the leadership of Kim Tae-chung, who has come out of retirement to make a political comeback after he lost the 1992 presidential election in 1992. Kim Chong-pil has left the former ruling Democratic Liberal Party to form the conservative ULD which is eroding ruling camp's power base. These changes, together with the arrest of former Presidents No Tae-u and Chon Tu-hwan, have allowed the DP to accommodate fresh change-oriented politicians who have transformed it into a reformist party.

Amid this political turmoil, both the ruling and opposition camps have been wrangling over the Kim administration's alleged plan to purge corrupt lawmakers without regard for party affiliation, and the money President Kim Yong-sam allegedly received from former President No for his 1992 presidential campaign.

Under the circumstances, the summit will normalize government-opposition relations by providing a breakthrough in this stalemated dialogue.

The primary summit issue will be a clean and fair parliamentary election next April. President Kim declared that he will do everything he can to make sure that this will be the cleanest and fairest election the nation's history.

Other items on the agenda may include President Kim's 1992 campaign funds, since the opposition is insisting that he clear up allegations that he received money from former President No during the election.

The ruling camp may also wish to address this issue, which could further erode its political power base in the upcoming election if not dealt with now.

ROK New Movements Under Way To End Political Regionalism

*SK1001061996 Seoul YONHAP in English
0428 GMT 10 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — With the April general elections only three months away, moves are afoot to get rid of the chronic influences of political regionalism in some politically sensitive regions.

Some 560 civic leaders from the academic, religious and legal communities in Taegu and North Kyongsang Province have recently made a declaration in opposition to regionalism. The group asserted that the arrests of former presidents Chon Tu-hwan and No Tae-u have provided the momentum needed to create a truly advanced and democratic society.

This region has traditionally been the political stronghold of the two jailed former presidents who rose to power through a 1979 military coup and the subsequent suppression of pro-democracy uprising in May of 1980.

The declaration indicated that the purpose of the group is to change the political climate in their region where public opinion is strongly against the incarceration of their native sons. Three former soldier-turned-presidents — Pak Chong-hui, Chon and No — are all from this region.

They pointed out that local residents are very confused about the government's policy of correcting a national history tainted by military coups, corruption, and other irregularities.

"We are working to change the prevailing sentiment in this region and will take the lead in beginning anew," a group member said.

In Pusan and South Kyongsang Province, where President Kim Yong-sam is from, civic leaders are organizing a group against regionalism-oriented politics.

Their movement is backed by university student council members and the Pusan Citizen's Coalition for Economic Justice.

About 70 civic leaders in Kwangju and South Cholla Province have formed what they call a citizens coalition for political reform. Last November they declared their struggle against regionalism. Traditionally, this region has been the stronghold of opposition leader Kim Tae-chung.

They also announced that they would launch a campaign that would urge voters in the upcoming parliamentary elections to vote against those candidates who stir up regionalism during their campaigns.

In Taejon and South Chungchong Province, environmental and labor leaders got together late last year to denounce those candidates whose campaigns instigate regionalism. Opposition leader Kim Chong-pil has a strong political base in this area.

ROK Article on 'Politicizing' of Economic Issues

SK1001030896 Seoul THE KOREA TIMES in English 10 Jan 96 p 9

[By staff reporter Yi Chang-sop: "Stock Market May Be Manipulated To Help Ruling Party in April Elections"]

[FBIS Transcribed Text] The government, ahead of the crucial general elections in April, appears to be politicizing the economic issues.

The Ministry of Finance and Economy [MOFE] is ready to intervene in the stock market. President Kim Yong-sam suddenly ordered the creation of an agency exclusively in charge of promoting small businesses. Major government posts are held by persons from either Pusan or the southern Kyongsang province, the power base and birth place of President Kim Yong-sam.

This is in direct contradiction to what new Deputy Premier- Finance and Economy Minister Na Ung-pae said a week ago.

Minister Na said he would shun economic policies aimed at gaining popularity. The basic tenet of his policy will be, he said, to gain reliability and consistency in the eyes of the public. He also said he will adopt an economic policy independent from political logic.

But Minister Na, less than a month after assuming his post, seems to be behaving contrary to what he promised.

First of all, the Ministry of Finance and Economy is tilting toward intervening in the stock market in order to boost sagging prices. The ministry is under mounting pressure to meddle in the market. The ruling New Korea Party urged the government to boost stock prices.

MOFE deputies aired the possibility of intervening in the stock market at any time. They forgot what they had said just months ago. When the government unveiled the stock market stabilization program last year, this was the "last time" that the government was boosting the market.

Then director general in charge of securities affairs Yon Won- yong had said the government would suspend

artificially pepping up the market, except for stabilizing the market through adjustment in demand and supply situation. Now Yon was replaced, together with minister Hong Chae-hyong.

According to Yi Pil-sang, professor of Korea University, it is understandable for the government to seek ways of "stabilizing the chilly investment sentiment in the stock market." But he opposes any types of artificial stock market intervention, which will, in his views, spoil the long-term healthy and sustainable development of the market.

Past state interventions failed to "stabilize" the stock market, he added. The government has no choice but to put off its planned launch of the stock index futures market if it continues to intervene in the stock market, he and other critics said.

A stock market intervention could endanger its relations with the Organization for Economic Cooperation and Development (OECD) just ahead of its planned entry into the Paris-based body in April. The OECD criticized Korea for repeatedly manipulating stock prices. It said no OECD country has such state intervention mechanism and urged Korea to disband the state-controlled 5-trillion won Stock Market Stabilization Fund.

Sim Sang-tal, counsellor to the Deputy Premier and Finance and Economy Minister Na, disagrees with the view that Na is politicizing the economy on the grounds that he had not made any official decision to artificially boost stock prices.

To attract votes from small businesses operators, President Kim ordered the Cabinet to establish an agency solely responsible for small and medium-sized companies. There is doubt whether the Small Business Administration will solve all pending issues facing the majority of the 2.5 million small and medium-sized companies, analysts here said. Different government ministries "disagree on the role of the new agency."

Another sign of the government's politicizing the economy is the monopoly on key government posts that bureaucrats from President Kim's Pusan and Kyongsang Province constituency maintain. The nation's most powerful posts dealing with finance, taxation and budget at the MOFE were filled by individuals from President Kim's power base. These government officials, who would otherwise have been neutral in their policies, have no choice but to obey whatever "political orders" they get, some analysts commented.

Prof. Yi said Minister Na had promised the government would stabilize inflation, reduce trade deficit and achieve 7 to 7.5 percent economic growth this year.

Such "rosy" statements do not constitute economic policy but are rather "political slogans" Yi said.

The prevalence of political logistics over economic policies is only a temporary measure that will ultimately erode the economy's vitality and competitiveness.

ROK's No Tae-u Recruited Secretary To Solicit Slush Money

SK0901100496 Seoul YONHAP in English
0853 GMT 9 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP) — Former president No Tae-u was such an active fundraiser that he even suggested that one of his secretaries take a more active role in the collection of funds from various enterprises, according to the prosecution's investigative record released Tuesday.

The record quoted former Rep. Kim Chong-in, No's senior secretary for economic affairs, as testifying that No expressed dissatisfaction about his reluctance to assist with the collection of money.

According to the record, in early October of 1991 No called Kim to the Chongnamdae presidential resort, to tell him "there are some entrepreneurs who wanted to make contributions but couldn't because they didn't know how."

Kim interpreted the remarks as a reprimand for his passive attitude toward collecting donations.

Kim was quoted as saying, "I had criticized his acceptance of funds from owners of large enterprises several times after being appointed senior presidential secretary for economic affairs in March 1990. As a result, No was displeased with me."

After No's rebuke, Kim arranged meetings between No and Miwon Business Group Chairman Yim Chang-uk, Tongyang Group Chairman Hyon Chae-hyon and former president of the Korea Petrochemical Co., Ind. Yi Chong-ho.

At these meetings, the tycoons gave 1 to 2 billion won to No, respectively, Kim told the prosecution.

Kim first discovered that No was accepting illicit donations in August 1990, when he received 2 billion won from Taenong Group Chairman Pak Yong-hak, who had been asked by No's brother-in-law Rep. Kum Chin-ho, to make a contribution, and conveyed the money to No, according to the record.

"I was so sorry, when No suggested that I should be active in collecting the funds, that I myself began to participate in the slush fund collection," Kim said.

In May 1990, No also instructed him to give special favor to six business groups — Hanjin, Lotte, Kukdong, Samsung, Sunkyong, and Handok — for their business activities as they had contributed the fund to the president.

ROK's No Tae-u Reportedly Bought Three Homes

SK0901100696 Seoul YONHAP in English
0805 GMT 9 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 9 (YONHAP) — Former president No Tae-u was known to have purchased three mansions while in office through middleman Om Sam-taek, former planning and coordination chief of the Agency for National Security Planning (NSP).

According to investigation record released by the prosecution Tuesday, No instructed Om in early 1992 to buy "Yuwon Villa" located in downtown Seoul, from Yuwon Construction Chairman Choe Hyo-suk, while giving him 2.4 billion won (roughly 3.05 million U.S. dollars).

The imprisoned former head of state owned two buildings under the names of NSP staff members and the other was in the name of Yuwon's vice chairman.

Later, however, No's younger brother Chae-u deeded the first two buildings to a certain Pak, when the construction firm was on the verge of bankruptcy last April, the data indicated.

The remaining building, which had been previously managed by No's wife Kim Ok-suk, was also transferred the same month to Im Man-kyu, the younger brother of No's former Chongwadae [presidential offices] aide Im In-kyu, the data cited No as confessing.

ROK Article Examines Plan To Build Nuclear Power Complex

SK1001022396 Seoul HANGYORE SINMUN
in Korean 9 Jan 96 p 3

[Article by Sin Hyon-man]

[FBIS Summary] The Ministry of Trade and Industry and Korea Electric Power Corporation [Kepco] plans to build a large nuclear power complex and introduce a new waste disposal technology.

"In 1982, the government selected nine areas encompassing 8 million pyongs [one pyong equals 3.3 square meters] of land, but has yet to build nuclear power plants in any of the selected sites. South Cholla Province, where six areas have been selected as nuclear sites, recently requested that the government withdraw its selection as residents continue to complain that they cannot

develop their real estate properties." The government has taken temporary solutions by building new nuclear power plants near existing plants in Kori, Ulchin, Wolsong, and Yonggwang, but there is limit to the expansion.

"The government is also having difficulty securing a nuclear waste disposal site. The government selected Kurop Island last year as a last resort, but had to withdraw because problems were found in the geological formation."

The selection of Kosong as the new nuclear power complex was made after much consideration. First, there are very few residents. The government needs not worry about warm drainage, which was a big problem at the Yonggwang Nuclear Power Plant. In the nearby East Sea, the current is strong and water is deep, thus, the water temperature will not be affected by the drainage.

"The problem is that the place is near the armistice line." The Ministry of Trade and Industry has postponed the announcement of the selection in fear of North Korea's threat. However, the ministry could not find another site, and the government urgently needs additional facilities. Many obstacles are expected in building a nuclear complex in Kosong. First, its effect on North-South relations should be considered. North Korea may also oppose the plan. Criticism from the people is also expected as the nearby Mt. Kumgang will be the greatest tourist attraction after reunification. Even though there are but few, the residents' reactions are unpredictable. The Ministry of Trade and Industry and Kepco assert that any other site will have greater risk, while Kosong has the advantage of accommodating more than 10 power plants and a nuclear waste disposal site.

ROK's Kim Chong-pil on 1961 Coup 'Revolution'

SK0601061196 Seoul YONHAP in English
0518 GMT 6 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 6 (YONHAP) — The 1961 military coup led by then Maj. Gen. Pak Chong-hui was "a revolution" that ushered in a new era of change in political, economic and social sectors of the country, President Kim Chong-pil of the United Liberal Democratic [ULD] Party said over the weekend.

His comments, made during an exclusive interview at his home with Christian Broadcasting System Radio, were a response to the question that asked whether those responsible for the May 16, 1961 putsch should also be prosecuted along with the culprits of the 1979 coup orchestrated by Chon Tu-hwan and No Tae-u.

Having helped Pak to launch the coup as an army field-grade officer, Kim said, "In 1980, the National Assembly was about to revise the constitution to pave the way for a popularly-elected government, but a man (Chon) sprang up to everybody's astonishment and began writing a chapter of national history which we now must look back on with shame. The days of the May 16 (coup) were quite different from the Chon-No era."

The ULD president said he partially agrees with rival opposition leader Kim Tae-chung's remarks that the country's military-backed presidents and military culture have developed the presidential system of government in a wrong direction, particularly those concerning what the two former presidents did.

"Their wrongdoings are being judged according to law, and I think if one system has been proven to be wrong, it should be replaced with another one," he added.

On whether the constitution should be revised to introduce a cabinet system of government, he said such a revision would face a rough going, adding, "I think it should come during the tenure of the 15th National Assembly which will be elected next April."

Majority of ROK Citizens Oppose Revision of Constitution

SK1101122496 Seoul CHOSON ILBO in Korean
11 Jan 96 p 2

[By Choe Won-sok: "10 January Poll by the Ministry of Public Information Via Korea Gallup Research"]

[FBIS Translated Text] Two out of three of our people agree with President Kim Yong-sam's position that he will not revise the Constitution during his term of office. Also, they seem to believe that President Kim Yong-sam will keep his word that "he will be a fair president," and that he will not receive any political donations. Regarding the conditional provision of aid to North Korea according to changes in North Korea's attitude, 53.3 percent of respondents agree with this stance, while 46.7 percent disagree. Regarding the need to hold a meeting of leaders from the ruling and opposition parties, 79.4 percent of respondents say the meeting should be held.

The Ministry of Public Information said on 10 January that these results came from a telephone survey of 1,013 males and females over 20 years old. The survey was conducted by Korea Gallup Research and its purpose was to ascertain reaction to President Kim Yong-sam's New Year address on state policy.

Concerning revision of the Constitution, 26.6 percent of respondents say "they sympathize with President Kim

Yong-sam's position a great deal." Some 40.3 percent of respondents say "they sympathize with him to some extent." Some 30.9 percent of respondents say "they do not sympathize with him."

In addition, 66.4 percent of respondents say President Kim Yong-sam will keep his word that he will not accumulate wealth. Some 30.7 percent of respondents say that he will not keep his word. Concerning the political fund, 57 percent of respondents say "he keeps his word very well," while 38 percent of respondents say "he does not keep his word."

ROK Court: Officials Not Allowed To Accept Pay From Citizens

SK1101110096 Seoul YONHAP in English
0629 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — A public official can be fired if he receives rewards from citizens regardless of whether he dealt with their civil petitions according to due formalities, the Supreme Court ruled Thursday.

The judgement reverses a decision by the Pusan High Court, which had invalidated the Kumjong Ward chief's dismissal of a public official at the Construction Department of the ward, Choe Yong-hui.

The Supreme Court ruled that the dismissal was a fair decision.

In October 1992, Choe advised an acquaintance, known as Kim, on his application for the ward's approval of a construction, helping him obtain a permit in a lawful way. Two months later, Kim gave Choe 2 million won (about 2,538 U.S. dollars) as a token of his thanks.

Dismissed by the Kumjong Ward chief for receiving the money, Choe filed a lawsuit against his ex-boss calling for the reversal of his dismissal.

The Supreme Court said, "Choe's acceptance of the money runs counter to the spirit of the law on local public officials, which aims to protect public officials from being corrupted."

With the Supreme Court ruling, the Pusan High Court should decide on the case again.

ROK Reports 88 Major Strikes by Unions in 1995

SK1101100996 Seoul YONHAP in English
0814 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — The number of industrial actions staged by unionized

workers last year was 88, down 27 percent from 1994, according to the Labor Ministry's report on labor-management disputes released Thursday.

A total of 711 notifications of disputes were filed with the Labor Ministry last year. Of all disputes, 88 led to various types of actual industrial actions, affecting 49,000 workers and incurring the loss of 392,000 workdays.

The number of industrial actions have steadily declined from 235 in 1992, 144 in 1993, and 121 in 1994.

Disputes related to collective agreement outnumbered those involving wages for the first time ever last year. These accounted for 55.7 percent of all disputes.

ROK Welfare Policy To Stress Vocational Training

SK0801065496 Seoul YONHAP in English
0618 GMT 8 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 8 (YONHAP) — The welfare policy in the second half of President Kim Yong-sam's term will center on helping people help themselves rather than simply supporting them, Senior Presidential Secretary for Social Welfare Pak Se-il has said.

"The new welfare policy will emphasize vocational training aimed at fostering self-reliance as a way to reduce their need for unconditional support," Pak said in an interview with the Jan. 8 edition of the "KUKJONG (State Administration) SINMUN," a weekly publication of the Ministry of Information.

Rather than giving the poor social security out of benevolence, the government will train the needy so that they can get jobs, Pak said.

He said that the government will develop a welfare system suitable for the unique Korean situation which will take into account the family-centered lifestyle of the people.

"We will seek to form a social welfare net combining the local and central governments, private agencies and religious organizations, and families," Pak said.

Burma

Burma: Karenni Ethnic Group Prepared To Burn Lumberyards

BK1801070896 Bangkok THAILAND TIMES
in English 18 Jan 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Tak — The Karenni National Progressive Party (KNPP) is prepared to burn down their own lumberyards if Burmese troops manage to seize the KNPP logging area in order to appropriate a large amount of timber, a senior KNPP officer said yesterday.

The officer said the Burmese government has been sending numerous troops into the KNPP area, also known as Kayah, in an attempt to capture the timber area as well as a teak forest worth hundreds of millions of baht that is located near the Thai-Burmese border.

KNPP senior officers have resolved to withdraw troops and burn down all lumberyards if the Burmese junta attacks and manages to occupy the area so as not to let the Burmese benefit from the timber and over 6,000 logs of processed teak wood.

The KNPP officer added that Thai businessmen also run logging businesses in Kayah's abundant forest. The Burmese junta hopes to occupy the area so as to do logging and sell portions of the land to Thai businessmen.

The source said although the Burmese troops have managed to secure most of the KNPP area, they have not yet captured the logging area since it is a dense jungle and therefore a strategically difficult area to control.

The KNPP ethnic group, who have been under steady attack by the Burmese army since December 31, have fled in disarray to the Thai-Burmese border opposite Mae Hong Son province in order to seek refuge.

Burma: Mong Tai Army Elects New Leader

BK1801070996 Bangkok PHUCHATKAN in Thai
17 Jan 96 p 6

[Passages between slantlines published in English]

[FBIS Translated Text] Bangkok—The Mong Tai Army [MTA] has appointed "Cham Mai" as its new leader to replace "Sao Chet Kan." Meanwhile, the SLORC [State Law and Order Restoration Council] is launching a new offensive to upgrade the status of Khun Sa's stronghold to that of a township and issue identity cards to local residents and MTA soldiers. Several MTA battalions moved to the north to locate new strongholds along the Lao border.

/The Central Executive Committee—CEC/ of the /Shan State Restoration Council—SSRC/, which is acting as the MTA government, last week elected Sao Cham Mai as the new chairman to replace Sao Kan Chet.

The CEC said the reason First Vice Chairman Sao Cham Mai was elected as the new chairman was because Sao Kan Chet is unable to carry out his duties because of a health problem, a brain ailment. The change took place amid rumors that Sao Kan Chet had decided to join the group led by Colonel Karynyard and Bo Thwin, who disagreed with Khun Sa's surrender to the Burmese Government.

Sao Kan Chet was elected CEC chairman on 12 August 1995. The other 10 CEC members who were elected on the same day from among the 59 SSRC members were: First Vice Chairman Sao Cham Mai; Second Vice Chairmen Sao Fa Lan, also known as Chang Su Chian; First Secretary General Sao Khwan Mong; Second Secretary General Sao Saeng Yot; and six CEC members—namely, Sao Mong Khon, Sao Khun Duan, Sao Cho Mint, Sao Ko Fa, Sao Cho Mong, and Sao Sa Ya.

Sao Kan Chet is reported to have been receiving medical treatment in Chiang Mai Province and did not attend the ceremony at Ho Mong to welcome Khun Sa's MTA soldiers. Other CEC members present at the reception were Sao Cha Mai, Sao Fa Lan, and Sao Khwan Mong.

A well-placed source in the Shan State disclosed that the general situation in Ho Mong, an MTA command headquarters, was calm. The 1,000 Burmese soldiers were withdrawn from the area for deployment along the Thai-Burmese border opposite Piang Luang village in Wiang Haeng District of Chiang Mai Province.

The source also revealed that a number of government officials were sent to Ho Mong to issue citizen identification cards to the local Shan residents and MTA soldiers because SLORC has plans to upgrade the status of Ho Mong to that of a /township/. Two groups of government officials were separately dispatched to issue citizen identification cards to MTA soldiers at the Doi Lang stronghold opposite the Mae Ai District of Chiang Mai Province and the Doi Dam stronghold opposite Doi Tung in the Mae Fa Luang Subdistrict of Chiang Rai Province.

A Thai security source in Mae Hong Son Province confirmed a report on the night movements by MTA troops and modern weapons from various strongholds to the northwestern part of the Shan State along the Chinese and Lao borders. The source said the last MTA unit that has moved out of the area is under the leadership of Major Chai Num and is now stationed in

Pa Lao in Chiang Rap Township and some areas of Mong Yong near the Mekong River.

The source noted that not less than 4,000 MTA soldiers are being deployed along the borders with Laos and China. Their assignments are to protect the navigation route along the Mekong River, purchase supplies and weapons from China and Laos, and export heroin and collect taxes on the heroin exported to China and Laos, since Thai authorities have totally sealed the Thai-Burmese border at Mae Hong Son, Chiang Mai, and Chiang Rai Provinces. -Indochina Center

Burma: National Convention Session Activities Reported

BK1701022996 Rangoon TV Myanmar Network in Burmese 1330 GMT 16 Jan 96

[FBIS Translated Text] The plenary session of the National Convention continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

The session was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission [NCCC]; Lt. Gen. Maung Thint and Brigadier General Myo Thant, vice chairmen of the NCCC, and commission members; U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC]; U Tha Dun, vice chairman of the NCCWC, and committee members; Brig. Gen. Tin Aye, chairman of the National Convention Convening Management Committee, and committee members; National Convention delegates; and local and foreign journalists.

U Ko of the special invitees delegates group acted as alternate chairman while Dr. Thaung Myint, a member of the NCCWC; U Lei Kwe Gin of the Shan State Kokang Democratic Party, U Maung Gyi of the Union Pa-O National Organization, U Kyi Nyunt of the national races delegates group, U Tin Maung Kyaw of the peasants delegates group, U Bo Myint of the workers delegates group, U Hla Myint of the intelligentsia and intellectuals delegates group, and U Arnt Maung of the civil service personnel delegates group acted as members of the Panel of Chairmen. U Ko Ko Gyi, director of planning at the NCCWC Office, acted as secretary of the meeting.

First, the secretary of the meeting announced the validity of the session as 494 of the 590 eligible delegates attended the meeting.

Next, the collective report of the panel of chairmen concerning the delegates' proposals to prescribe the detailed basic principles to organize the executive chapter that would be included in the formulation of the state con-

stitution were presented. First, the Panel of Chairmen's findings on self-administered division, self-administered region, nomenclature of administrative body, and formation of a leading committee were presented by Alternate Chairman U Ko from page 726 to page 758 while the report on self-administered division, self-administered region, nomenclature of administrative body, the formation of a leading committee, and the administration of Yangon union territory and Coco Islands union territory were presented by Panel of Chairmen Member Dr. Thaung Myint presented from page 759 to page 788. The plenary session took a short break at 1000.

When the session resumed at 1015, the Panel of Chairmen's report on proposals for the administration of Yangon [Rangoon] union territory and Coco Islands union territory were presented by Panel of Chairmen Member U Maung Gyi from pages 789 to 817, while the report on regional administrative bodies, appointment of district and township level general administration department officials were read by Member U Kyi Nyunt from pages 818 to 837. The meeting recessed at 1105.

When the afternoon session resumed at 1205, the Panel of Chairmen's report on proposals for regional administrative bodies were presented by Member U Tin Maung Kyaw from page 837 to page 863 while Member U Bo Myint reported from pages 863 to 887. The meeting took a short break at 1255.

When the session resumed at 1325, Panel of Chairmen Member U Hla Myint reported on pages 887 to 904 and Member U Arnt Maung read from page 904 to page 929. Next, the secretary of the meeting declared the completion of the compilation report on the executive chapter noting that the report on the judiciary will begin tomorrow. The plenary session ended at 1405 after deciding to hold the next session at 0900 the following day.

Burma: More on Activities of National Convention Session

BK1801021096 Rangoon Radio Myanmar in Burmese 1330 GMT 17 Jan 96

[FBIS Translated Text] The plenary session of the National Convention continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon]. It was attended by 492 out of 590 eligible delegates.

The collective report of the panel of chairmen on the delegates' proposals to prescribe the detailed basic principles to organize the judiciary chapter that will be included in the formulation of the state constitution was presented. First, the Panel of Chairmen's findings on

the distribution of judicial powers were presented by Alternate Chairman Dr. Thaung Myint from page 1 to page 24, while Panel of Chairmen Member U Maung Gyi's presentation was from page 24 to page 47.

Next, the panel's report on the nomenclature and organization of the Supreme Court was read by U Kyi Nyunt from page 47 to page 69, Member U Tin Maung Kyaw from page 69 to page 93, and Member U Bo Myint from page 93 to page 115. The report on qualifications of the chief justice and the union justices were presented by Member U Hla Myint from page 115 to page 139 and by Member U Arnt Maung from page 140 to page 165. Next, the proposals on impeachment of the chief justice and union justices, resignation, and removal from office were presented by Panel of Chairmen Member U Ko from page 166 to page 195. The plenary session ended at 1325 after deciding to hold the next session at 0900 tomorrow.

Burma: National Convention Session on Judiciary Issues

BK1901124596 Rangoon Radio Myanmar in Burmese 1330 GMT 18 Jan 96

[FBIS Translated Excerpt] The plenary session of the National Convention continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon]. [passage omitted]

U Arnt Maung, member of the Panel of Chairmen read the comments contained in the panel report on proposals of delegates and delegate groups on the establishment of regional or state high courts, and on the appointment of regional or state chief justices and judges under the judiciary structure section. He read from page 320 to page 343. U Bo, member of the panel, read out the comments contained in the panel report on proposals of delegates and delegate groups on the basic principles on the qualification of regional or state chief justices and judges. He read from page 344 to page 371 of the report.

Dr. Thaung Myint, panel member, read the comments contained in the panel report on delegates and delegates groups' proposals on basic principles on action to be taken by the state president or regional or state parliament when a situation arises for the termination from duty of regional or state chief justices and judges. He read from page 372 to page 401.

After the meeting secretary announced that the National Convention plenary session will resume at 0900 on Friday 19 January, the meeting adjourned at 1335.

Brunei, Malaysia & Singapore

Malaysia

Malaysian Paper Comments on Recent Keating Visit

BK1901064896 Kuala Lumpur THE STAR in English 18 Jan 96

["Comment" column by V.K. Chin: "KL, Canberra on the Road to Better Ties" — received via Internet]

[FBIS Transcribed Text] Some people may have been surprised by the warm and cordial reception given to Australian Prime Minister Paul Keating during his three-day official visit to Malaysia. There might not have been much chemistry but there were no sparks either between Keating and his host Datuk Sri Dr. Mahathir Mohamed. If there is one thing which Malaysians are good at, it is making visitors feel at home. It is true that bilateral ties have their ups-and-downs but certainly not enough to cause any permanent damage. Personal relations between political leaders may be strained but this has not affected the contacts between the people. For example, when Malaysians took exception to Keating's now notorious description of Dr. Mahathir as a 'recalcitrant' over his non-attendance of the Seattle Apec [Asia-Pacific Economic Cooperation] summit, government-to-government as well as people-to-people connections had never been broken. In fact many people were quite amused over the statement which Keating would have to live with. He would no doubt be reminded again and again by the media when they talk about the two leaders. The significance of Keating's brief visit is definitely an improvement in personal relations with Dr. Mahathir. It is important that any such misunderstanding be removed. It can be quite awkward that the two leaders should not be on speaking things when progress and co-operation between their governments and people are getting on so well. This has been achieved over the years and not overnight as Australian-Malaysian relations are stronger than what they appear on the surface. Such firm ties have enabled the two states to withstand some of the hiccups which can occur among friends from time to time. This does not mean that the visit will remove all future political problems. Hopefully, Keating's visit will lead to a better understanding of each other's sensitivity and position. Australia is quite an open society where its people, particularly the politicians and the media, give their opinions freely on both local and international issues. Such frankness has caused misunderstanding between Canberra and its neighbours and it will be too much to expect the Aussies and their media to close their eyes on what is happening around them. Dealing with a more sensitive and thin-skinned Asia, Australia should

make an effort to moderate its comments wherever possible. South-East Asia should also give the Aussies more time to understand other people's cultures. The promising note of the Keating visit is that Australia and Malaysia will put greater emphasis on economic co-operation. This is where Canberra and the region can benefit most, as well as in education where Malaysia is concerned. For several decades, Malaysians have been studying at Aussie educational institutions at both secondary and tertiary levels. This is an arrangement which will continue to bear greater fruit in the years ahead. Leading Australian universities are expected to establish their campuses here now that Parliament has given the green light. All that the Malaysians expect is that the quality of education will be maintained.

Malaysian Police: SRV Refugee Rioting Under Control

BK1901020996 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 18 Jan 96

[FBIS Translated Excerpt] Datuk Ismail Che Rus, Kuala Lumpur city police chief, has said that police seized a large number weapons from illegal Vietnamese immigrants and have managed to bring the rioting that broke out this morning under control. He said that in the efforts to control the rioting 24 people were hurt, among them seven policemen.

Responding to a tip-off, the police launched an operation codename Stubborn Operation at 0530 to look for weapons in the transit camp for illegal Vietnamese immigrants in Sungai Besi. The immigrants were said to have been making sharp weapons following the 5 June rioting last year.

In strong opposition against the operation, the Vietnamese illegal immigrants hurled stones at policemen and set fire to two buildings that housed 4,343 Vietnamese. They also obstructed initial efforts of the Fire Brigade to put out the fire. The rioters were finally calmed down by policemen. [passage omitted]

Malaysia's Anwar Urges More Economic Ties With Indonesia

BK1901105096 Kuala Lumpur THE STAR in English 18 Jan 96

[Report by Thomas Soon and Sreejit Pillai — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Deputy Prime Minister Datuk Sri Anwar Ibrahim has called for a new era in promoting economic ties between Malaysia and Indonesia as trade volume has been disappointingly low.

Anwar said past economic co-operation had not produced the desired results despite close cultural and historical ties.

He noted that Indonesian investment in Malaysia over the last five years amounted to [Malaysian ringgit] RM688.3 million only while Malaysian investment between 1993-94 totalled RM1.15 billion.

"There is intention from both countries to open up but the political will must exist," said Anwar when launching the UMNO- Golkar [United Malays National Organization-Functional Group] Council of Economic Co-operation here yesterday.

He said it was a unique opportunity for both countries to use economic means to raise the dignity of their citizens.

"Economic achievements must be accompanied by fair distribution of wealth, cultural and social awareness," said Anwar.

Indonesian Information Minister H. Harmoko, who led the Golkar delegation, said there was a lot of potential for closer economic ties especially in agriculture.

"For instance, Indonesia has 23 million hectares of land that has the potential for agri development. We can also provide large human resources towards this end.

"Both countries perhaps can venture into food production to reduce our food imports," he added.

Anwar and Harmoko also signed a memorandum of understanding to strengthen economic ties.

Canadian Prime Minister Arrives in Malaysia for Visit

BK1901021396 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 18 Jan 96

[FBIS Translated Text] A ceremonial welcome has been accorded to Canadian Prime Minister Jean Chretien, who arrived in Kuala Lumpur today for a two-day state visit. The ceremony was held at Parliament Square.

Prime Minister Datuk Sri Dr. Mahathir Mohamed accompanied him during the inspection of the honor guard mounted by three officers and 104 men of the First Ceremonial Battalion of the Royal Malay Regiment. The parade was under the command of Major Nor Azmi Abdul Karim and was accompanied by the Royal Malaysian Navy central band.

Later, Mr. Chretien and his wife were introduced to cabinet ministers and representatives of foreign missions in Malaysia.

Upon arrival at the Kuala Lumpur International Airport in Subang, the Canadian delegation was greeted by

Datuk Abu Hassan Omar, minister of domestic trade and consumer affairs.

Chretien's visit to Malaysia is to strengthen political ties and to expand economic and trade cooperation with Malaysia. He is accompanied by his wife Aline, the minister of international trade, the secretary of state for Asia-Pacific Affairs, and a delegation of Canadian provincial officials, senior government officials, and corporate leaders.

Malaysia and Canada are scheduled to sign several agreements and memoranda of understanding. Mr. Chretien is also scheduled to address the first Malaysian-Canadian business forum.

Malaysia's Mahathir: 'Mega Projects' To Proceed

BK1201143196 Kuala Lumpur THE STAR in English 12 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Mega projects in the country will go on because they are not the main reason for the current account deficit. Prime Minister Datuk Sri Dr. Mahathir Mohamed said yesterday.

"(Stopping projects) will be very temporary in terms of dealing with the deficit. It will reduce the total volume but it will not actually reduce the deficit," he said after delivering a keynote address at the National Economic Forum here.

Dr. Mahathir was responding to a question on the opinion of economists that the slowing down of mega projects, particularly Putrajaya [Federal Administrative City], would counter the deficit.

He also said Malaysia monitored happenings in other countries and was ever ready to change strategy and directions to better growth and economic performance.

"We are not tied to any ideology. We are always pragmatic," he added.

Earlier, during a dialogue session with the participants, Dr. Mahathir was asked on measures to reduce trade deficit with Japan.

He said Malaysia was taking measures to source from other countries and cited the example of Proton [made-in-Malaysia cars manufacturer], which had entered into a joint-venture to build cars with a French manufacturer.

"We can also bring Japan suppliers to Malaysia directly instead of through a third party."

On Labuan as the international offshore financial centre, he said it might not be as big as Singapore but it would be better than other tax-free havens.

Dr. Mahathir said the Government was aware of attempts by developed countries to open up markets in developing countries with the pretext of attracting more foreign investments.

"The result may be total domination and loss of control over their own countries (developing) to developed countries," he said.

He criticised calls by developed countries for a level playing field in trade and services and likened the diverse disparity between the players to a match between giants and midgets.

"One side you have the giants and the other, the midgets comprising developing countries who are going to lose. We need to have handicap."

The Prime Minister said these countries were pushing for markets to be opened up and demanded for "national rights."

He reiterated the importance to protect local businesses until they could compete with international companies.

Singapore

Singapore, Australia Urge United States Regional Presence

LD1701132596 Melbourne Radio Australia in English 1200 GMT 17 Jan 96

[FBIS Transcribed Excerpt] Australian and Singapore politicians have urged the United States to maintain its military presence in the Asia-Pacific region. The Australian prime minister, Paul Keating, and his Singapore counterpart, Goh Chok Tong, made the call in a joint statement after talks in Singapore. They said the American presence in the Asian Pacific was of fundamental importance to peace and prosperity in the region. [passage omitted]

Keating Lecture Reaffirms Call for Australian Republic

LD1701111996 Melbourne Radio Australia in English 0900 GMT 17 Jan 96

[FBIS Transcribed Text] Prime Minister Paul Keating has said the creation of an Australian republic would help the country's national identity and cohesion. Mr. Keating was delivering the Singapore Lecture, which is given by prominent international figures visiting Singapore. The prime minister repeated his position that an Australian rather than the monarch of Britain should be the country's head of state. However, he said that as a republic Australia should remain a member of the Commonwealth.

Although Mr. Keating has been speaking for several years in favour of the creation of an Australian republic, he has made no moves to call a national referendum on the issue. Mr. Keating has previously drawn criticism from the opposition parties in federal parliament for raising the republic issue while on overseas visits.

Later, at a joint news conference with the Singapore prime minister, Goh Chok Tong, Mr. Keating refused to comment on the decision by the New South Wales government to downgrade the role of the state governor. There has been a largely negative reaction to the changes made by the New South Wales government in its so-called modernization of the position of state governor. In naming former judge Gordon Samuels as the state's 36th governor, the New South Wales premier, Bob Carr, said Government House [the official residence] and its grounds would be opened up to the public. The governor is the direct representative in New South Wales of Australia's head of state, Queen Elizabeth. Governor Samuels will also live at his own home, work with a reduced staff and attend fewer of the ceremonial and entertaining functions that have traditionally been part of vice-regal duties.

The premiers of West Australia, Queensland, South Australia, and Tasmania say they have no thought of following New South Wales by appointing part-time governors. The New South Wales opposition has also signalled that it is getting legal advice on a possible conflict of interest in Mr. Samuels maintaining his position as chairman of the Law Reform Commission.

Keating Lectures on Australia's Regional Ties

BK1901021496 Singapore THE STRAITS TIMES
in English 18 Jan 96 p 4

[Unattributed report]

[FBIS Transcribed Text] Australians cannot describe themselves as Asians or Australia as part of Asia, said Prime Minister Paul Keating here yesterday.

"We are the only nation in the world to inhabit a continent of our own... We can't be Asian any more than we can be European or North American or African," he said in his Singapore Lecture on Australia, Asia and the New Regionalism at Shangri-La Hotel.

"We can only be Australian and can only relate to our neighbours as Australians.

"Our history, including the 40,000-year history of our indigenous people and the histories of the 150 different cultures from which Australians derive, make us unique in the world."

But he said that a fundamental conviction and irrevocable commitment of Australia was that it must always be an integral part of the region.

Australian Foreign Minister Gareth Evans suggested recently that given the country's geography, economics and growing people-to-people links with Asia, Australia could be considered an "East Asian hemisphere" nation.

Since Mr. Keating became prime minister in 1991, he has been pushing for Australia to integrate with booming Asia and his efforts are paying off.

According to Singapore's Deputy Prime Minister and Defence Minister Tony Tan, who chaired yesterday's lecture, trade between Australia and Asia in 1994 amounted to A [Australia] \$65 billion (S [Singapore] \$69.5 billion), compared to A\$43 billion with Europe and America.

Investments from Asia into Australia amounted to A\$22 billion in June 1994. Last year, nearly 10,000 Singaporeans studied in Australia.

Mr. Keating yesterday said that Australian governments and people had "recently come to recognise the implications of living in and with the region".

"Australia's closer relationship with Asia is partly driven by economic realities, of course. Already, two-thirds of our trade is with the APEC [Asia-Pacific Economic Cooperation] region, more than half of it with East Asia" he said.

"But our engagement with the region around us is not just commercial. And it is not just the result of some crude economic determinism.

"It goes — and must go — much deeper than that. It goes to a genuine desire for partnership and real involvement".

Citing the benefit of its "pro-Asia" policy, he said it had changed Australia's thinking about its defence — "that Australia needs to seek its security in Asia rather than from Asia."

Australia's engagement with the region has also extended to people-to-people contacts. By the year 2006, 60 per cent of all Australian pupils from years three to 10 must study one of four Asian languages — Indonesian, Japanese, Mandarin or Korean.

During the question-and-answer session, Mr. Keating was asked if the significant increase in the number of Asian immigrants to Australia had caused resentment among Australians.

He said while there was some debate as to how many immigrants the country could take, there was very little

tension or adverse comment in Australia about the composition of the intake itself.

"Australia is singularly devoid of racial problems," he declared, adding that as the elected representative of a very cosmopolitan constituency — Blaxland — he had a "very good feel" of such issues.

Malaysia's Mahathir, Ramos Discuss Palestine via Internet

BK1901073296 Kuala Lumpur THE STAR in English 18 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Malaysia has initiated efforts to help rebuild Palestine and is prepared to co-operate with any country towards this end, Prime Minister Datuk Sri Dr. Mahathir Mohamed said yesterday.

He said Malaysia had contributed U.S.\$5 million (RM [Malaysian ringgit] 12.5 million) to a fund for the purpose.

"We are ready to co-operate with any party in the reconstruction of Palestine," he told reporters after launching UTUSAN MALAYSIA's weekly magazine MASSA and the newspaper's on-line service.

Dr. Mahathir earlier had a "live" dialogue via the Internet with Philippines President Fidel Ramos, during which Ramos suggested that Asean should consider assisting Palestine in foreign investment programmes.

Ramos, who took part in the dialogue from Malacanang Palace in Manila, also hoped that Asean could participate to enhance the development of Palestine.

The Prime Minister had been also scheduled to have a similar dialogue with PLO [Palestine Liberation Organization] leader Yasir 'Arafat in Jericho but it could not take place because of a technical hitch. Instead, the two leaders communicated through cellular telephone.

Dr. Mahathir said Internet would be a useful tool for Asean leaders to communicate directly.

"If there are problems, we can resolve them directly through communicating with each other," he added.

Earlier, the Prime Minister said that through the Internet, Malaysia could counter any media attack against the country, especially by the foreign press.

"Through the Internet, nobody can stop us from correcting misinformation. We will also be able to provide up-to-date news for Malaysians overseas," he added.

Singapore Daily: Ties With Philippines 'Normalized'

BK1901152496 Singapore THE STRAITS TIMES in English 19 Jan 96 p 34

[Editorial: "Time for Fresh Start"]

[FBIS Transcribed Text] Singapore-Philippines relations are back on the right track. They are now considered normalised. Thus said President Fidel Ramos, after the two countries announced on Tuesday that an exchange of ambassadors would take place soon. About time, too. Saying this is not to imply that the Filipino outpouring of bitterness and guilt last year over their women having to work in foreign households was a sham. The Flor Contemplacion case had acted as its emotional trigger to become a cause celebre. It was used to dramatise one unflattering aspect of the Philippines' economic dependency, and to galvanise national solidarity over it. Singaporeans, however, regarded it as a criminal justice issue: a woman had been charged with murder, been convicted and given the mandatory sentence. She had not been framed, nor had there been a miscarriage of justice. Many Filipinos — a large section of the media, certainly — had doubts, or chose not to know the facts. Even granting that the name-calling and flag-burning which followed, and brought about a breakdown in relations should not have happened.

To this day, despite having been apprised of a particular streak of the Filipino temperament, we are convinced that most Singaporeans would still choose to take a clinical view of the court verdict and the international incident it created unwittingly. They would not be agitated; neither would they be manipulated into conduct as regrettable. In matters of temperament and control, underemonstrative Singaporeans and exuberant Filipinos would probably continue to be poles apart. That said, both sides need to show heightened sensibilities if the near-rupture in relations is to have a positive side to it.

For the Philippines, it is mainly to acknowledge and accept the Singaporean establishment's rationalist approach in matters of any substance. That means an issue or anything of a disputatious nature will undergo thorough evaluation and a conclusion, or several options, presented. Honesty of intent and the most scrupulous adherence to principles of fair dealing are essential. If there is disagreement, it should be talked over. The Contemplacion dispute was not talked over so much as hijacked by a cowboy media. Filipinos would concede that the result for them was disastrous made complete by the Singaporean case being proved right in third-party adjudication. As much as sober questing is, therefore, required of people in authority, the media has its important contribution of not inflaming public feelings

through reckless reporting and comment. Not much can ever get done if hysteria overpowers reason. It would be cause for cheer if the Manila media's conduct over the Contemplacion incident eventually turned out to have been its absolute low point. From that level, it can only get better.

What might Singapore have learnt? Chiefly that it can bring some yield to its hard-edged rationalism without compromising principles. This means taking pains to be sensitive to how its actions may be interpreted abroad, or how they could influence the affairs of another country. If it could achieve the same goals without being seen as smug, self-righteous or lacking in give-and-take, so much the better. One can be right without making the other party feel hard done by. Another lesson to be drawn is how not to make maids feel exploited. Maids here are, by many accounts, treated with consideration and decency, as proved by the many extensions sought. But the record can be improved. Singaporeans who rely on domestic help — of whatever nationality — would smooth international relations greatly if they became known in the region for being model employers. The Contemplacion case has gone well beyond its judicial origins. If the lot of maids ceases to be an issue in relations among South and South-east Asian governments, that would be no small gain in diplomacy.

Singapore Editorial on 'More Advanced Developing' Nation Status

BBK1901011996 Singapore THE STRAITS TIMES
in English 18 Jan 96 p 50

[Editorial: "A Meaningful Non-Event"]

[FBIS Transcribed Text] The wide interest in Singapore's supposed graduation to developed nation status on January 1 has turned out to be much ado about nothing. Nothing, because no such event actually took place. True, the Organisation for Economic Cooperation and Development [OECD] had said it would no longer consider the Republic a "developing" country from 1996. But nobody outside of the Paris-based OECD appears to have read the fine print. The promotion was, in fact, to a category called "more advanced developing countries" and not to the developed league — for which the OECD has no official definition, as it turns out.

The objective of the re-classification was a narrow one and, for Singapore, somewhat irrelevant. The OECD's Development Assistance Committee had felt that money given by its members to certain high-income countries should not be reported as "official development assistance". For such accounting purposes, these countries — Singapore, the Bahamas, Brunei, Kuwait, Qatar and the United Arab Emirates — would therefore be re-

moved from the "developing" list. In other contexts, the OECD's economists refer to Singapore variously as a "country in transition" or a "dynamic non-member economy".

As early as last May, however, officials here misread the OECD's move as a graduation to developed status — although in the true style of a self-deprecating Asian parent, they raised the issue only to point out that their young Singapore was not worthy. As the new year approached, myth became reality, and the developed label became the springboard for countless political speeches and journalistic commentaries here and abroad. The prime minister talked about it in his New Year message, and just this week NTUC [National Trade Union Congress] chief Lim Boon Heng spoke about the challenges that faced the workforce as a result. Foreign media chose the occasion to tell their readers more about Singapore. Local newspapers wrote editorials. LIANHE ZAOBAO commissioned a survey and found 30 per cent of respondents unaware of the nation's "new status". Perhaps they were wise to remain in the dark.

The unwinding of the somewhat risible affair appears to have started when the OECD noticed the misreporting of its move in the media overseas, and issued a clarification. The Singapore Government had come across this, and enquired further, before setting the record straight with the local media on Tuesday. On balance, however, the clarification is of no great import. All country classifications have a certain arbitrariness to them, and the development one is no exception. Even the world's most industrialised country, the United States, has poverty levels in some regions that are at odds with its undisputed developed status. As for Singapore, in terms of income or standard of living, it is squarely in the developed camp, in technology and education levels, the country lags behind.

Was the spilt ink and expended breath that accompanied Singapore's re-classification all for nought? We think not. The milestone on the growth expressway may have been just a mirage, but the lay-by was a welcome one, allowing a timely bout of national soul-searching. Developed or more-advanced-developing, Singapore's competitive scenario remains as the country's leaders and commentators have painted it. Sandwiched between countries with deeper and broader industrial capabilities, and those with more abundant and cheaper manpower and land resources, Singapore must work hard and smart to stay relevant in the global economy. Mr. Goh Chok Tong, commenting that the developed label was premature, captured the nation's imagination with his vision for a more socially-gracious country. This, too, should, and is likely to remain, a talking point and a target. Thus, while not much happened on January 1

after all, the much-ado surrounding the non-event was not entirely in vain.

Cambodia

Cambodia: Sihanouk Criticized for 'Dwelling in Past'

*BK2401122596 Phnom Penh SAPORDAMEAN
SEREIPHEAP THMEI in Cambodian 13 Jan 96
pp 1, 3 (Tentative)*

[Unattributed report]

[FBIS Translated Text] None of the Asian countries that have open or secret relations with the superpowers are poor. Look at Thailand, the Philippines, Taiwan, Hong Kong, Singapore, Turkey, Vietnam, Kuwait, the Arab bloc, and the Middle East. None are poor, particularly some of the neutral countries in Asia such as India, Pakistan, Brunei, and Indonesia.

Cambodia is the exception; life here is the hardest. Why does Samdech Sihanouk not look at others? He has been in politics for over 40 years, but the country does not seem to have made any progress. After 40 years, other countries have plants producing motorcycles, cars, and sufficient electricity. What about Cambodia? There is hardly enough electricity even for Phnom Penh.

Samdech Sihanouk has insinuated that the United States was involved in the 1970 coup. Why does he not also blame Vietnam for being behind the 7 January victory?

The United States was behind Lon Nol, providing \$350 million a year. How much did Vietnam, who was behind Hun Sen, give a year, and how much does it take away from Cambodia? There are Vietnamese all over the country. Hardship is right under his nose but the king has not said anything. Instead, he is dwelling in the past.

Who caused the United States to bomb Cambodian territory with B-52's in 1969? Who was behind Pol Pot from 1970 to 1975? Who was behind the Khmer Rouge victory over Lon Nol and that of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] over the former Khmer Rouge? Now FUNCINPEC is even weaker than the Cambodian People's Party. Who caused this?

Which battlefield during the Lon Nol era did not have the corpses of Vietnamese soldiers scattered among the dead Khmer Rouge troops? Out of some 3,000 bodies of Khmer Rouge troops on the Suong battlefield in Kompong Cham, for example, an overwhelming number belonged to Vietnamese soldiers. Cambodian corpses — those of the Khmer Rouge — numbered just over 100.

The king never recalls or tells the new generations of children about the pains of the past. Instead, he fre-

quently talks about minor pains such as the United States. Now the Vietnamese are everywhere in Cambodia and the border is being rolled back. Why does he — the one the Cambodian people revere and rely upon — not talk about this the way he talks about the United States? Why does he not expel the illegal Vietnamese like during the Sangkum Reas Niyom and Lon Nol eras?

Cambodia: U.S. Will Grant MFN Status to Cambodia

*BK2101151496 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 21 Jan 96 pp 1, 4*

[Report by Vanna]

[FBIS Translated Excerpt] At the inauguration of Kong Hong garment company on the morning of 19 January Samdech Hun Sen, second prime minister, said he is lodging a complaint with 1,500 workers at Kong Hong factory and with workers nationwide against certain politicians who have asked foreign countries not to grant MFN [Most Favored Nation] status to Cambodia; this affects workers who would then have no jobs. [passage omitted describing benefit of MFN status, and other material covered in ref]

The samdech [Hun Sen] said that many countries have told Cambodia to strive to cooperate in rebuilding and restoring the country by itself. Among these countries is the United States who has successively sent its officials to Cambodia. U.S. Assistant Secretary of State for East Asia and Pacific Affairs recently told the Prince Krompreah [Ranariddh] and the samdech [Hun Sen] that MFN status would be unconditionally granted to Cambodia; it would not be linked to any other framework.

Cambodia: Ranariddh Criticizes Attempts To Block MFN Status

*BK2001143296 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 20 Jan 96 pp 1, 7*

[Report by Dararit]

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia [RGC], has criticized a group of Cambodians that includes Son Soubert, second vice chairman of the National Assembly; Sam Rangsi, chairman of the illegal Khmer Nation Party [KNP]; and two or three of their associates for writing to U.S. President Bill Clinton requesting conditions be imposed before granting the Most Favored Nation [MFN] status to Cambodia.

The prince made the criticism in a speech at the inauguration of a primary school at Prey Reang village,

Toek Vel commune, S'ang District, Kandal Province, on the morning of 18 January. The school, which is a fully-equipped five-roomed brick building and was constructed at a cost of \$20,000, was donated by Ho Sok, state secretary for interior.

On the contrary, Winston Lord — U.S. Assistant Secretary of State for East Asian and Pacific Affairs — who is an authentic American, told the prince during his visit to Cambodia that he would urge the U.S. Government to demand the U.S. Senate unconditionally grant MFN status to Cambodia. The Clinton administration, Winston Lord reaffirmed, would push for awarding unconditional MFN status to Cambodia even though the issue of human rights might hinder final approval.

Prince Krompreah Norodom Ranariddh painfully stated that he regretted antagonism against fellow compatriots and the nation, manifested by some Cambodians who have gone so far as to bar foreigners from aiding Cambodia. His Majesty the King, he added, always said that Cambodia only wants foreign aid with no strings attached; so, it is asked why those Cambodians, who have also claimed that they are Sihanoukist, do not follow in their king's footsteps.

The prince added that today he petitioned the Cambodian people to help seek justice for him and the RGC, which has displayed an all-out effort to rebuild and redevelop the country, and assist the people. Instead, they have been insulted by those who do nothing. The only thing those guys have done is denounce and decry the Cambodians and ask foreign countries not to grant MFN status to Cambodia, alleging that the RGC is corrupt, violates human rights, and is a Mafia government.

The prince first prime minister also said that recently the new great leaper Sam Rangsai — now, he has joined the old great leaper Khmer Rouge — went abroad inciting overseas Cambodians to stage demonstrations against the RGC and foreign aid to Cambodia. The new great leaper Sam Rangsai, he added, dared only to find fault with the RGC, and to insult him and Samdech Hun Sen, but not the king.

Prince Krompreah Norodom Ranariddh said the RGC has done its utmost, but that these guys have turned a deaf ear and a blind eye to those efforts, and now refuse to remain dumb. They have instead persistently slandered the Cambodians. If Sam Rangsai, the prince said, does not want to help but rather to oppose the country, he should not name his party the KNP.

The prince said he could only petition the people to seek justice for him. Because if he did otherwise, the RGC would certainly be criticized for violating human rights.

He asked the people not to stage demonstrations, but instead to beat and kick those guys.

Cambodia: Hun Sen Rebukes Keat Chhon Over Import Delays

BK1801121496 Phnom Penh PHNOM PENH POST in English 12-25 Jan 96 pp 1, 3

[Report by Ker Munthit: "Hun Sen Rebukes Keat Chhon Over SGS Mess"]

[FBIS Transcribed Text] Second Prime Minister Hun Sen has lashed out at Finance Minister Keat Chhon, apparently putting him on notice that his job could be on the line if he does not move to ally importers' concerns about difficulties in doing business in Cambodia.

Sen delivered a stern public rebuke of Chhon during a January 7 speech opening the Samdech Hun Sen Park in Phnom Penh, which was funded by businessmen including several of Cambodia's biggest import-export firms.

Sen said his image was being affected by businessmen's complaints about delays in transferring shipments out of Sihanoukville and Phnom Penh ports.

He blamed the delays on overzealous import inspections by the government-contracted Swiss firm Societe Generale de Surveillance (SGS).

He gave Keat Chhon three weeks to sort out the "mess" or else he would scrap the SGS contract which was signed by the government in October.

"The ball is now at His Excellency Keat Chhon's feet. You kick it or not, you already know me very well," Hun Sen said, turning toward Keat Chhon.

"Because it concerns my image, I am the leader of the Cambodian People's Party (CPP), a partner in the coalition government assigning you to handle that matter, so you must do it."

Hun Sen said SGS approval was required to move any imports out of the ports.

But he said SGS' contract did not give it the right to inspect "humanitarian goods" or taxable or non-taxable goods which were for "investment packages."

But he went further and, in an apparent warning to SGS not to inspect anything at ports said: "When SGS is seen going to the ports — I don't want to speak too harshly — arrest and detain them."

Hun Sen blamed the Ministry of Finance, headed by Chhon (of Hun Sen's CPP), for giving too much power to SGS.

The Swiss company's job was to assess the quality of imports, and determine the tax rate on them, but it was up to Cambodian customs officials to enforce the tax regulations, he said.

"Goods are getting stuck because of the Ministry of Finance. This is the mistake of the implementing party [Ministry of Finance], but not the contract. There is nothing wrong with SGS," he said.

Hun Sen spoke of one ministry official, who he did not name, he believed was responsible for the "difficulty."

The official should be sacked, he said.

He told Chhon that "we can talk about it after three weeks" if investors still complained about the problem, or if he found out that there was some "conspiracy or disturbance" by ministry officials over the issue.

Several large importers have complained about SGS since it began operations, funded by a one percent service charge on imports, inspecting imported goods to ensure tax regulations are met.

While some government officials have said SGS' work is helping to reduce illegal smuggling, others have voiced traders' concerns about the one percent duty and the inconvenience of inspections.

The issue arose during the National Assembly's debate on the 1996 national budget on Dec 28, when Ay Sin Son Thai (name as published), MP for Koh Kong province, proposed annulling the SGS contract.

However, Chanthol Sun, Secretary of State of the Ministry of Finance, later assured a press conference that the contract would remain, citing an increase in tax collection because of SGS.

Hun Sen, in his speech, said he preferred SGS to stay in Cambodia but the government wouldn't mind paying \$400,000 in compensation to have the contract annulled if necessary.

"So, all investors stay calm. I will help settle this, but I do not have reason to want to cancel the SGS contract either. But, if difficulty remains after three weeks, I'll ask for its cancellation."

"Because there was no SGS during the State of Cambodia, nor was there a few months ago, and [the government] survived."

While Hun Sen said he was not criticizing but reminding the Finance Minister to sort it out, several Cambodian and foreign officials were stunned at his public attack on Keat Chhon.

"He was tough," said a diplomat who witnessed Sen's speech.

"Keat Chhon is a cabinet member and he [Hun Sen] could have discussed the matter with him at the Council of Ministers," said a member of parliament.

Hun Sen appeared to make a point in his speech of defending the Minister of Commerce, Cham Prasit, by putting the responsibility for SGS solely on Keat Chhon's shoulders.

Hun Sen acknowledged that it was the Ministry of Commerce which signed the SGS contract, but said it was the Ministry of Finance's job to implement it.

He said he had worked "a lot" with Cham Prasit to try to resolve the problem and worked "a little bit" with Keat Chhon.

Last May, Hun Sen was moved to issue a public statement denying newspaper speculation that Cham Prasit would be replacing Keat Chhon as Finance Minister in a Cabinet reshuffle.

"Contrarily, we are in a process to encourage the two figures to implement their task," his statement said.

Cambodia: Western Press Criticized on Asian Reporting

BK1701025396 Phnom Penh THE CAMBODIA TIMES in English 7-13 Jan 96

[Editorial: "Cambodia's Crumbling Democracy? Says Who?" — received via Internet]

[FBIS Transcribed Text] Information Minister Ieng Muli last month joined a growing list of senior officials from Asian countries writing to a foreign publication, in this case, The Economist, seeking fairness in reporting.

So what is new? Malaysian Prime Minister Dr. Mahathir Mohamad is a vocal critic of the Western Press as are many of his ministers. The running battles between the Singapore Government and the Western Press are no secret. Indonesia has banned foreign, mainly Australian, publications and journalists. Even Thailand, deemed by many Western journalists as the exemplary South East Asian nation for its dealings with the Press, has taken offence in recent years against certain Western and foreign publications.

The common gripe has been that oft, views presented in such publications are seen through the Western eye with a Western perspective, ignoring local sentiments, local feelings, local customs and local reality.

It is easy to dismiss the views of these Governments by saying there is one universal value for human rights, for democracy and for justice.

Says who?

If the doomsayers were to be believed, Singapore, Malaysia, Thailand and Indonesia would still be in the backwaters, riven with civil strife. But these countries are stable, progressive and certainly in the heart of the fastest growing economic region in the world.

There are too many examples to disprove the claims of those who talk of such so-called universal values.

Why was Britain, one of the bastions of democracy hailed by Westerners, so adamant in not acting against South Africa's apartheid government when other members of the Commonwealth demanded sanctions to force the white regime to grant equal rights to blacks?

Why do racial riots like that sparked by the Rodney King incident still occur in the United States, the role model of democracy where every person is supposedly equal, irrespective of colour or creed?

How could the atrocities in Bosnia go on for so many years in the heart of Europe, a Europe still grappling with a guilt conscience over its initial silence when Hitler's Nazis were herding up Jews and murdering them in concentration camps?

Why does France continue to ignore world-wide protests against its nuclear testing in Muriora?

There is no single success formula for democracy and the actions of the so-called champions of democracy in ignoring the majority — as Britain did to the Commonwealth, as France does to the rest of the world — shows that they, too, do not believe fully in the democracy they preach to the rest of the world.

If anything, history has shown that such democratic principles are cast aside when reality sinks in.

Yet, by stating this, we, least of all, are trying to say that a Government can ride roughshod over its people, and ignore individual rights by pointing out the flaws of others. No. Certainly not.

But we can agree with Ieng Muli that it is unfair of The Economist to say the UN operations in Cambodia were a failure.

The UN operations laid the foundations of pluralist liberal democracy and after two decades of "killing fields", there certainly is light at the end of the tunnel for Cambodia and Cambodians.

Its recent acceptance as a full member of the Association of South East Asian Nations augurs well for Cambodia. The inflow of foreign investments, the presence of a relatively free Press, the growing number of Cambodians returning from overseas to rebuild their country — everything points to a better, brighter future.

Yes, there are shortcomings. Yes, things are not perfect. But did anyone expect everything in Cambodia to be perfect immediately after the UN operations?

Very few countries and people have gone through what Cambodia and Cambodians have in the last two decades. Yet, those countries which have colonised others, which have conquered poor African and Asian countries and carted off their wealth to build their own countries, trampling on the individual rights of their conquered subjects — even in these countries things are not perfect.

Cambodia has a democratically elected Government. Like its colleagues in ASEAN, in time, Cambodia will iron out its problems. To borrow an oft-quoted Western saying, Rome was not built in a day. So, we do not expect Phnom Penh to be rebuilt in 24 hours either.

Cambodia cannot do it alone. It needs the support of its neighbours and friends and the international community.

Sweeping statements based on isolated incidents, proclaiming, as The Economist did, that Cambodia's democracy is crumbling, are not only not fair but do an injustice to a people which has suffered much and is trying its best to take its place as an equal with the rest of the world.

Cambodia: Khmer Rouge Troops Successful Operation Reported

BK2101104296 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 20 Jan 96

[FBIS Translated Excerpt] On 18 January, 300 special troops, paratroopers from Unit 911, of the two-headed government—educated by communist Vietnam and trained in Indonesia—attempted to launch a sneaky attack on us from behind, through Thai territory.

At 0600, the enemies moved against Tumnop Hong, 3 kilometers west of Nong Ian. Our National Army had grasped the situation and at 0100 was prepared to smash them. As soon as the enemy began their activities, our National Army opened fire and cut the enemies off from behind and forced them into our fields of stakes and mines. The enemies were routed; they ran all over our stake and mine fields. Explosions were heard and scores of enemy soldiers were killed. Those who retreated found themselves facing our support troops; more were killed and routed all over rice fields. The remaining troops found only hay stacks in which to hide themselves. We burned the hay stacks and in the process burned a number of enemy soldiers inside the stacks to death. Those fleeing the fire were picked out by our snipers.

We ambushed and smashed these paratroops for six and a half hours, wiping the enemy troops off the battlefield. We killed 15 on the battlefield, including Major Saroeun, commander of the special forces; and a Lieutenant Phan of the paratroopers; and wounded 20 others. We also captured seven.

The routed troops fled into Thai territory; 34 were arrested. The remaining soldiers got lost in the jungle and ran over our stake and mine fields; more were killed.

We destroyed 34 assorted weapons and seized 20 others, including six B-40's, four machine guns, 10 AK's, 60 B-40 shells, 5,500 rounds of AK ammunition, 10 AK loaders, 1,000 rounds of AR-15 ammunition, 30 hand grenades, a field radio, 12 compasses, a radio receiver, 300 packets of dried rice, along with rice, plates, pots, and pans. Other war materiel is strewn all over rice fields. [passage omitted on retreat of 'enemy' troops]

Cambodia: Khmer Rouge Condemns Vietnamese Encroachment

BK2001134496 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 18 Jan 96

[Communique issued by the spokesman of the Provisional Government of National Union and National Salvation on 18 January; place not given — read by announcer]

[FBIS Translated Text] I. The world is well aware that for more than 17 years, communist Vietnam has portioned out tens of thousands of square kilometers of Cambodia's land, seas, and islands in the east, ranging from the Dragon's Tail area in the north to Kampot Province and turned it into its own territory. In some areas, they have invaded 30-40 kilometers deep into the Cambodian territory. Communist Vietnam has shipped over and resettled ethnic Vietnamese, established authentic Vietnamese military and civilian administrations, and ordered its out-and-out lackey puppets to rubber-stamp the moves according to one treaty or another.

Aside from this, communist Vietnam has also brought in over 4 million ethnic Vietnamese to wolf down and swallow Cambodia in all fields and sectors. This maneuver constitutes a grave danger to the survival of the entire Cambodian nation, people, and race.

II. In east Cambodia specifically, the ethnic Vietnamese, escorted by the communist Vietnamese troops, have plundered rice fields and orchards and killed and evicted the Cambodian people, who are the owners of the localities, in entire villages. The people have stood up and staged struggles successively.

Since the beginning of January 1996, the massacre and bloodshed by the ethnic Vietnamese and the communist Vietnamese troops of the Cambodian owners—who have stood up and struggled to defend their rice fields, orchards, and land—have become widespread especially in the border areas in Svay Rieng, Prey Veng, and Kompong Cham Provinces.

The incidents were not ordinary border clashes but the wolfing down and swallowing of the Cambodian territory carried out by communist Vietnam in a well-planned and systematic manner within the framework of late Ho Chi Minh's Indochinese Federation Strategy of turning Cambodia into a second Kampuchea Kraom [ancient Cambodian territory lost to Vietnam in the 17th century].

III. The Provisional Government of National Union and National Salvation [PGNUNS] wishes to reiterate its correct and constant stance as follows:

1. The PGNUNS categorically condemns, opposes, and rejects the 17 January 1995 agreement concluded between communist Vietnam and its out-and-out lackeys—the two heads—which states that Vietnamese and Cambodians living along the border must stay put. This action is the most criminal stratagem concocted by communist Vietnam to rubber-stamp its wolfing down and swallowing of the Cambodian territory by the tens of thousands of square kilometers in the past. It also aimed at permitting the over 4 million ethnic Vietnamese to continue its killing of the Cambodian nation and people.
2. According to international laws and time-honored practices, sovereignty and territorial integrity of a country are absolutely nonnegotiable. Communist Vietnam must, therefore, unconditionally respect Cambodia's sovereignty and territorial integrity in keeping with the 1:100,000 scaled map recognized internationally before 1970. Nothing can be renegotiated or revised.
3. All the treaties and agreements, under all appearances, that have been concluded between the communist Vietnamese aggressors and their puppets since the Vietnamese invasion and occupation of Cambodia in 1979 must be regarded as null and void.
4. The PGNUNS fully supports and joins the heroic Cambodian nation and people in east Cambodia as well as the entire heroic Cambodian nation and people to conduct all kinds of struggles to wrest back their rice fields, orchards, rivers, lakes, and estates from the enemy communist Vietnamese aggressors and its out-and-out lackey puppets. Cambodia's sovereignty will be defended absolutely through the struggles. Even they have to be continued from generation to

generation, the struggles should be carried out at all costs in order to prevent Cambodia from vanishing by becoming a second Kampuchea Kraom. This is the sacred right clearly enshrined in the UN Charter and international laws that belongs to all of the countries and peoples. [dated]18 January 1996. [signed]The PGNUNS spokesman.

Cambodia: Radio Denounces Vietnamese Intrusion

BK2101164096 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 20 Jan 96

[Unattributed commentary: "What Is the Purpose of Communist Vietnam and Hun Sen Ordering Ranariddh To Clown Around Over the Past Few Days?]

[FBIS Translated Text] Over the past few days communist Vietnam and Hun Sen have let Ranariddh, their dog, off his leash and allowed him to clown around noisily shouting that Vietnam has annexed the land of people here and there in eastern Cambodia.

People have asked this question: What is the purpose of communist Vietnam and Hun Sen in doing this? And what is the truth? Here is the truth:

1. Everyone knows about communist Vietnam annexing tens of thousands of square kilometers of Cambodia's territory, sea, and islands in eastern Cambodia, from the end of the Dragon Tail area in the north to Kampot in the south. Communist Vietnam has not only brought troops to farm the land in some villages, in 1990 FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] magazine widely exposed, with maps, Vietnam's annexation of the three provinces of Stung Treng, Ratanakiri, and Mondulkiri, and the digging by the Vietnamese of a new canal deep inside Cambodian territory.

2. Furthermore, over 4 million ethnic Vietnamese — some of whom have already been illegitimately granted Cambodian nationality while others have not yet — are plundering Cambodia at will in all sectors. Along the eastern border ethnic Vietnamese have completely cleaned out our people of their property and our nation of its resources. Even Sangke trees on rice field dikes, the Kak reed, and trees the size of a small finger — let alone the forest, timber, paddy, rice, and fish of the people — have been plundered by the wretched Vietnamese.

Inside Cambodia, ethnic Vietnamese are slowly taking over Cambodia. They have established genuine Vietnamese military and civilian state authority; no Cambodians can penetrate this.

3. The entire Cambodian nation and people are well aware that communist Vietnam is killing Cambodia and turning it into a second Kampuchea Kraom [former Cambodian territory now part of southern Vietnam]. The whole world also knows about this and has been condemning Vietnam for it.

The Cambodian nation and people are also aware of this: Ranariddh is a puppet of Hun Sen, puppet and lackey of communist Vietnam. At any meeting Ranariddh dares not say a word. He is constantly being rapped on the head and having his ear pulled by communist Vietnam's puppets. At the slightest sound from Hun Sen, Ranariddh cringes like a dog in front of a tiger. There is nothing that Ranariddh dares to talk about, decide, or do by himself. Everything is decided and ordered by communist Vietnam and Hun Sen.

4. This is the truth. Since this is how it is, how come Ranariddh raised the issue of Vietnam annexing people's farm land in eastern Cambodia? Did Ranariddh do this by himself? No.

The order for Ranariddh to clown around came from communist Vietnam and Hun Sen so that Ranariddh can last a bit longer. What is this all for? It is for Ranariddh to have some sort of FUNCINPEC image to serve as communist Vietnam's trick in the upcoming election in 1998. If Ranariddh is too bad and looks too much a puppet of communist Vietnam, the people will not be deceived into believing that FUNCINPEC also took part in the election and that Ranariddh is no longer a dog guarding the house of Hun Sen, puppet and lackey of communist Vietnam.

This is the goal of communist Vietnam and its puppet and lackey Hun Sen. This is the truth; there is nothing else to it.

Indonesia

Indonesian Article Hails Security Pact With Australia

BK1201091496 Jakarta SUARA PEMBARUAN in Indonesian 10 Jan 96 pp 2, 3

[Article by Ferdinandus R. Sius: "The Significance of the Republic of Indonesia-Australia Security Agreement" — italicized passages published in English]

[FBIS Translated Text] Relations between Indonesia and Australia entered a new stage when the two countries signed a security agreement in Jakarta on 18 December 1995.

The agreement has three basic clauses:

First, the parties undertake to consult at ministerial level on a regular basis about matters affecting their

common security and to develop such cooperation as would benefit their own security and that of the region.

Second, the parties undertake to consult each other in the case of adverse challenges to either party or to their party or to their common security interests and, if appropriate, consider measures that they might take either individually or jointly and in accordance with the processes of each party.

Third, the parties agree to promote — in accordance with the each other's policies and priorities — mutually beneficial cooperative activities in the security field in areas to be identified by the two parties.

In fact, there is nothing new in the agreement because security cooperation in the form of an exchange of intelligence data and joint military exercises has been going on for a long time. Last August, the two countries conducted a joint military exercise codenamed "Kangaroo 95."

Nevertheless, the agreement has specific nuances that will further influence relations between the two countries.

There are at least three reasons for this.

First, the agreement was signed at a time when sentiments against the Indonesian military were still being felt in Australia. Only several months ago, Australia rejected Indonesia's appointment of H.L.B. Mantiri as ambassador to Australia to replace Sabam Siagian. The Australian attitude was partly based on the sentiments of some Australians against Indonesian ambassadors who have a military background.

Second, the agreement was signed just after the fifth ASEAN summit in Bangkok, Thailand. One of the most important results of the summit was the signing of the Southeast Asian Nuclear Weapon-Free Zone (SEANWFZ) Treaty, which prohibits the signatories from producing, possessing, developing, or testing nuclear weapons in their region (Southeast Asia).

The final goal of the concept is to build a *security community* in the Asia-Pacific region because ASEAN is no longer regarded as an independent subregion but rather is regarded as an integral part of the Asia-Pacific region.

Third, the signing of the agreement was not preceded as is usual by an open dialogue between Prime Minister Paul Keating and his people, but the plan to do so was announced suddenly.

Distrust

In a speech welcoming the agreement, Indonesian President Suharto hoped that the signing would prompt

several Australians to remove or reduce their distrust of Indonesia.

The head of state's statement reaffirmed the fact that relations between the two countries have always been marked by mutual distrust. Some Australians are suspicious of Indonesia because the latter is a threat to Australia's security.

In an opinion poll in Australia in 1986, 40 percent of the respondents believed that Australia would face threats in the next 10 years (1996) and 31 percent of them cited Indonesia as the main threat. By contrast, when a similar poll was conducted in 1966, Indonesia was regarded as less of a threat than the PRC, Vietnam, and the Soviet Union.

The perception was further strengthened by a report by Paul Dibb and the *white paper* (1987) of the Australian Defense Department. In his report, Paul Dibb, an expert on Australian security affairs assigned by then Defense Minister Kim Beazley to assess Australia's defense capabilities, cited Indonesia as a potential threat to Australia.

Meanwhile, the *white paper* of the Australian Defense Department focussed on the vulnerability of Australia's northern part to a foreign invasion and, therefore, saw the need to build a navy capable of conducting long-distance operations. Indonesia is considered a foreign threat because Indonesia is the nearest neighbor to the north of Australia.

According to Hilman Adil (read the book entitled "Relations Between Australia and Indonesia 1945-1962," published by Jambatan), the Australian distrust can be analyzed on the basis of history and geography. According to Hilman Adil, then Australian Foreign Minister P.C. Spender said on 9 March 1950 that "the foreign policy of each country must be primarily and consistently linked to its geographical location... (and) our first interest, which remains unchanged, must be the security of our own country and the maintenance of peace in the region where we are."

Australia's security was threatened during the Anglo-Spanish War (1796) and the Anglo-American War (1812), when the islands were in foreign control. During the Second World War, which ended in 1945, the Australian people felt Japan's brutalities as Japanese warplanes dropped scores of bombs on the cities of Darwin and Katherine. The raids came from the north.

The Australian people's traditional view was further strengthened by Indonesia's launching of a policy of confrontation against Malaysia and Singapore in the

1960's. Not surprisingly, Australia, Great Britain, Singapore, Malaysia, and New Zealand, which are all Commonwealth countries, set up the Five-Power Defense Arrangement (FPDA) in response to an Indonesian policy that they perceived as expansionist.

FPDA, which now discusses issues related to the defense of the five countries, initially acted as a military alliance to threaten Indonesia.

Mutual Trust

Given the historical background, the bilateral agreement amounts to the expression of mutual trust.

Relations between the two countries can be likened to those between two friends. The agreement has brought relations between the two countries to a stage best illustrated by a classical English proverb that says a *friend in need is a friend indeed*.

Genuine friends will always remind each other of their respective superiority or inferiority — in this case their superiority and inferiority in defense.

The two countries will gain much benefit from the agreement. The agreement means that Australia will reach two to three objectives in one go.

First, Australia is now certain that Indonesia is not a threat to Australia but serves as a defense front line for the land of the kangaroos.

The security guarantee will enable Australia to develop its economy more calmly.

Second, the fact that the agreement was signed by Australian Prime Minister Paul Keating without first holding a dialogue with the Australian people and at a time when sentiment against the Indonesian military was still being expressed in Australia showed that the Australian Government under Keating wanted to reiterate that relations between Australia and Indonesia remained the most important in the region.

Third, the agreement shows Australia's strong desire to play an active role in building a *security community* in the region. In Australia's view, Indonesia is a stabilizing force in the Asia-Pacific region.

It is correct for Australia to approach Indonesia because Indonesia is a *medium power* that is nonaligned and that has a strong influence in the region, particularly within ASEAN. Indonesia can be regarded as a guarantor of Australia's greater presence in the Asia-Pacific region.

Correct Momentum

In return, Indonesia will gain some benefits from the agreement.

First, Indonesia can take advantage of Australia's military technology for its national security interests. Australia has long possessed early warning hardware in the form of the Jindale radar system, which can see over the horizon and which is deployed at three stations diagonally located from the western part to the eastern part of Australia.

Australia's FA-18 jet fighters have a sophisticated surveillance system. Australia will detect an enemy attack in advance. Assuming that Indonesia is a defense front line for Australia, an enemy will certainly first enter Indonesian territory before reaching Australia.

The system will indirectly help Indonesia's security because Australia will at once notify Indonesia of an enemy incursion into Indonesian territory. We will therefore be ready to counter the attack.

Second, the agreement provides Indonesia with a correct momentum to implement the basic ZOPFAN [zone of peace, freedom, and neutrality] concept endorsed at the fifth ASEAN summit. ASEAN is no longer regarded as an independent subregion but rather as an integral part of the Asia-Pacific region.

Thus, regional security covers not only ASEAN but also the entire region.

Indonesia and Australia can play a more active role in the development of confidence-building measures among countries in the region to eventually build a *security community*. Their current cooperation has effectively contributed to the region.

Without ignoring the roles of other countries, the peaceful settlement of the Cambodian conflict was the fruit of cooperation between the two countries. Australia and Indonesia, which have incessantly initiated the creation of free markets in the Asia-Pacific region, have been instrumental in the development of APEC [Asia-Pacific Economic Cooperation] into a respectable consultative forum.

Indonesia and Australia can jointly develop confidence-building measures through various existing forums linking ASEAN with Australia.

ASEAN and Australia currently have three consultative forums. The two countries can use the forums as a medium to develop confidence-building measures to eventually build a *security community*.

The forums are:

First, an ASEAN *postministerial conference* attended by the foreign ministers of ASEAN and seven dialogue partners (Australia, New Zealand, the United States,

Japan, Canada, South Korea, and the European Community).

Second, an annual *senior official* meeting of the ASEAN-Australia Forum.

Third, an ASEAN-Australia consultative meeting.

Indonesian Daily on Asia-Pacific Security Cooperation

BK1201142696 Jakarta KOMPAS in Indonesian
12 Jan 96

[Editorial: "Bilateral Forums are Important for Promoting Mutual Trust" — received via Internet; passages in slantlines in English]

[FBIS Translated Text] The 24th Malaysia-Indonesia General Border Committee [GBC] meeting has just ended in Kuala Lumpur. At the one-day meeting, Malaysian Minister of Defense Datuk Syed Hamid Jaafar Albar said cooperation between the two countries should be stepped up through GBC forums, especially in facing the various problems emerging in the current globalization era. This is so, considering that they have to jointly handle any eventuality effectively.

In the same vein, Indonesian Armed Forces Commander General Feisal Tanjung also underlined the need to step up cooperation through forums to manage problems along the common border.

There have been positive results from the GBC forums, not only for ties between the two countries, but also regional security.

Cooperation via the GBC meetings between Indonesia and Malaysia, the Joint Border Committee [JBC] between Indonesia and Papua New Guinea, and the Maintenance of Security Agreement between Indonesia and Australia, are very important and should continue to be expanded. It is through these forums that mutual trust can be built and strengthened.

Continuing to build and strengthen mutual trust between countries of this region is important because without trust, it is feared that the region will develop into a platform for an arms race. Surely we do not want such a thing to happen.

The reduction of tension after the end of the Cold War and the withdrawal of U.S. troops from its military base in the Philippines, have raised fears that stability in the region, which has been strongly determined by the balance of power among four major powers (the United States, Russia, the PRC, and Japan), will be disrupted.

However, now there is need for caution. The PRC is emerging as a dominant military force in Southeast

Asia because Russia seems preoccupied with its internal affairs, while the U.S. has abandoned its base in the Philippines.

As a vast country, Indonesia, highly confident of its resilience, regards that upset in the balance of power as an opportunity to expand its national resilience, which is to eventually promote regional resilience.

However, it has received different reactions from neutral countries such as Singapore, Malaysia, and the Philippines.

Singapore has allowed the U.S. Seventh Fleet to use its military facilities to replace the one in the Philippines. Then, Singapore acquired modern equipment for its armed forces and later so did Malaysia.

Yet, both countries have denied that they are building up their military. They claim that they are only acquiring weapons to replace obsolete ones.

Apart from modernizing their respective armed forces, Singapore and Malaysia have reactivated the Five Powers Defense Arrangement [FPDA] with Britain, Australia, and New Zealand. The FPDA was established in 1972, following the withdrawal of British troops from the Suez Canal in the previous year.

After closing the U.S. military base, the Philippines signed a military pact with Britain in 1996. If it is not managed carefully, this move can be easily misunderstood by other nations and can turn this region into a stage for an arms race.

In connection with this, it is interesting to note Malaysian Prime Minister Mahathir Mohamed's statement early this week on the need to restructure the defense policy of the Asia-Pacific region. Responding to a question by reporters' at the Second Pacific Dialogue, organized by the Asia Pacific Policy Center (AS/ and the Institute of Strategic and International Studies [Malaysia]), Mahathir said that with the growing economies in East Asia a new approach to regional security is required.

Without any prejudice against valid national, regional, and global security interests, surely major countries can reduce their stock of weaponry. Conversely, countries that are relatively weak militarily should be allowed to acquire new weapons without being accused of supporting an arms race. Mahathir's proposal sounds interesting. Realizing it is another question. Restructuring a defense policy will be difficult in this region if there is a lack of trust among countries in the Asia-Pacific.

This is because military build-ups do not only concern ties between large and small nations, but is also related to ties among small nations.

In other words, the modernization of Malaysia's armed forces will not only arouse the suspicion of major countries like China or Japan, but also its neighbors.

It is hoped that efforts for cooperation through bilateral forums, and large-scale ones like ASEAN and APEC [Asia-Pacific Economic Cooperation] can promote mutual understanding and trust among Asia-Pacific countries.

Actually, the Asia-Pacific already has a specific forum for the restructuring the regional defense policy, that is the /ASEAN Regional Forum (ARF)/ which meets annually, after the annual ASEAN meeting of foreign ministers.

The ARF, which is attended by the majority of countries in the Asia-Pacific, is the most suitable forum for discussing regional security arrangements, including the restructuring of defense policies.

However, we should continue to uphold and maintain the peace and stability that have been achieved in the Asia-Pacific region lately. All parties should make concerted efforts to prevent any potential conflict in the region from becoming an open one. It is also important not to allow the modernization of the armed forces to be the start of an arms race.

Indonesian Officer 'Optimistic' Over Hostage Crisis

BK2401071196 Jakarta SUARA PEMBARUAN
in Indonesian 23 Jan 96 pp 1, 15

[Unattributed report]

[FBIS Translated Excerpt] Wamena, 23 Jan — Brigadier General Prabowo Subianto, commander of the Army's Special Force, a senior officer of the Armed Forces of the Republic of Indonesia [ABRI] who is handling the hostage crisis in Wamena, remains optimistic that the kidnapping by the GPK [Security Disturbance Movement, the official term for the OPM or Free Papua Movement] in Mapunduma Village will be settled by persuasive means.

"I remain optimistic that the matter can be settled by persuasive means. After Yakobus [Wandiba] was released on Monday (22 January), many more hostages will hopefully be released in the coming days. The safety of the hostages remains the most important issue," Brig. Gen. Prabowo told reporters in Wamena at about 2100 East Indonesian Standard Time on Monday evening (22 January). [passage omitted]

Prabowo said the military continued to use the persuasive approach because the remaining hostages (13 people) were innocent researchers who were not involved

in political disputes. In addition, there are women, including a pregnant one, among them.

When asked about what message three missionaries (Andreas van der Bijl, Paul Burkhardt, and Yohanes Gobay) brought to the kidnappers on Monday, Prabowo said there were good signs that the kidnappers were willing to release all the remaining hostages.

The hostages are in good condition. Being hostages, some of them are clearly under psychological stress. None of them is seriously injured or ill, however. [passage omitted]

Indonesian Army: Kidnappers Refuse To Hold Direct Talks

BK2301134596 Hong Kong AFP in English
1332 GMT 23 Jan 96

[FBIS Transcribed Excerpt] Jakarta, Jan 23 (AFP) — Separatist rebels holding 13 hostages, including six Europeans, in remote eastern Indonesia are refusing to hold face-to-face discussions with the military, an army spokesman said Tuesday.

"They (the rebels) still refuse to hold direct talks with us, although we do have daily radio contact with them, once at noon and once in the evening," Jayawijaya District Military Chief, Lieutenant Colonel Sumerta Ayub, said by telephone from Wamena, in Irian Jaya province.

Wamena is the nearest town to the mountainous, jungle-clad area of Mapenduma, where two weeks ago the rebels abducted 26 people, 13 of whom have since been released.

Because there had been "some progress" in the negotiations to release the hostages, Ayub said the military was holding off and had "given no deadline yet" for the release of the remaining 13 hostages.

"We will only resort to military action if there are no other options," Ayub said, adding there would be no food drops or mediators in the area over the next two days.

Local church officials have been acting as mediators between the authorities and the rebels, and they secured the release Monday of an Indonesian hostage, Yakobus Wandeba.

A source in Wamena, who declined to be identified, said that the Wamena authorities Monday had gathered town elders from surrounding areas, including from Mapenduma, to hold a tribal ceremony.

Traditionally, the ceremony is held either before clan wars or to cement peace following tribal fighting. [passage omitted]

E. Timor Resistance Leader Warns of Refugee Crisis*LD1201214896 Lisbon RDP Antena 1 Radio Network in Portuguese 1800 GMT 12 Jan 96*

[FBIS Translated Text] Foreign embassies in Jakarta continue to be the most sought-after refuge for the East Timorese. Another five tried today to seek refuge at the Japanese embassy but, according to a report that we received, they have been arrested. In the meantime, another two East Timorese women have managed to enter the Australian embassy. They will be travelling to Lisbon today but we do not know whether that is their wish or whether they have been pushed by the Australian authorities to do so. There is still a chance that the Australian authorities may send to Portugal over 1,000 East Timorese whose requests for political asylum are pending.

A Fretilin [East Timorese resistance] delegation today met with Foreign Minister Jaime Gama. Following a 90-minute meeting with the Portuguese minister, Abilio Araujo raised the warning: Be careful with the refugee situation, or else the whole of East Timor will run out of control.

[Begin Araujo recording] We support all those who have been persecuted; those who have been persecuted and seek protection can rely on our support. What we would like to say is that it is necessary to analyze all cases individually because we do not want one day to end up with the situation of the some 500,000 East Timorese wanting to leave the country. We do not want to desert our country, that is not the solution in order to support East Timor and the East Timorese people. [end recording]

Indonesian Dailies Welcome Draft 1996-97 State Budget*BK0801121096*

[FBIS Editorial Report] Four Indonesian-language Jakarta dailies carry editorials on the draft 1996-97 state budget that President Suharto presented to the House of Representatives in Jakarta on 4 January 1996.

SUARA PEMBARUAN on 4 January carries a 600-word editorial entitled "The Draft State Budget: Manifestation of Democracy" on page 2.

SUARA PEMBARUAN describes "the presentation of a draft state budget by the chief executive every year as a manifestation of democracy in the country."

SUARA PEMBARUAN says: "As the corruption and collusion are not subsiding, we would like to remind officials that the budget belongs to the people and that they are accountable to the people for every cent that is

used. This means corruption and collusion must be eliminated. Moreover, the head of state recently instructed the attorney general of the Republic of Indonesia to disseminate an anticorruption and anticollusion culture to all officials and people.

"If corruption and collusion are not prevented or suppressed, the draft 1996-97 state budget, which is 16.1 percent higher than the 1995-96 state budget, will not mean much for efforts to achieve the development target."

In conclusion, the daily reminds the government to responsibly use the forthcoming 1996-97 state budget and to further enhance the supervision of government agencies.

KOMPAS on 5 January carries an 800-word editorial entitled "Efforts To Realize the Trilogy of Development Are Strongly Visible in the Draft 1996-97 State Budget," on page 4.

KOMPAS attaches great importance to President Suharto's budget speech on 4 January.

"We see several important points. Economic development will proceed well in 1996. We feel a sense of optimism because of the economic synergy in 1995 and the situation in 1996. The domestic, regional, and global environment will give opportunities to us."

The daily is concerned over a growing account deficit caused by growing imports and dwindling exports as well as an annual inflation which is well above 5 percent. The daily warns that economic stability will be affected if the problems are not overcome.

KOMPAS praises the government's determination to increase exports. For example, the government has merged the Department of Industry and the Department of Trade into the Department of Industry and Trade.

"The strategic key to increasing exports is the continuation of debureaucratization and deregulation, particularly in the real sector. The step will be certainly taken on a significant scale in 1996."

The daily attaches great importance to debureaucratization and deregulation because this will enable Indonesia to be economically competitive in the international market.

KOMPAS praises the draft 1996-97 budget for giving priority to efforts to achieve an equitable distribution of the wealth. The daily notes programs created to develop backward villages and promote the quality of basic education.

"The trilogy of development (an equitable distribution of the wealth, economic growth, and economic stability) is

comprehensive because it is based on the constitution. It will be not easy to equitably distribute the wealth because our population is large and our archipelagic country is vast. Efforts to achieve social justice are no less complicated."

MERDEKA on 5 January carries a 500-word editorial entitled "The Significance of the Draft 1996-97 State Budget Under the Present Situation," on page 6.

MERDEKA says: "There is a great difference between the draft 1996-97 state budget and previous draft state budgets. In the past, our draft state budgets relied heavily on revenue from oil and gas exports and showed Indonesia's reliance on the export of its oil and gas. That is impossible now. Indonesia has been trying to obtain more revenue from the nonoil and nongas sector over the past five years."

The daily expresses concern over growing imports and indiscipline in the management of the state budget in 1995.

MERDEKA concludes: "Perhaps, we will be able to protect the draft 1996-97 state budget if we establish a clean and authoritative government. In addition, there must be efforts to inculcate an anticorruption culture on the people."

SUARA KARYA on 5 January carries a 500-word editorial entitled "The Draft 1996-97 State Budget" on page 5.

SUARA KARYA notes that President Suharto presented a balanced draft budget amounting to 90.6 trillion rupiah to the House of Representatives on 4 January.

SUARA KARYA notes that draft 1996-97 state budget emphasizes an equitable distribution of the wealth. There will be funds for the development of backward areas in the country.

SUARA KARYA concludes: "Nevertheless, the president reminded the people that economic stability would be affected if the economy overheated. Annual inflation has been well above 5 percent for three consecutive years and a current account deficit reached U.S. \$7.9 billion in 1995."

Philippines

Philippines: Official Views U.S. Presence 'Crucial as Ever'

BK1201105896 Manila THE MANILA CHRONICLE
in English 6 Jan 96 p 2

[Report by Anna Liza Guiwa]

[FBIS Transcribed Text] National Security Adviser Jose Almonte said yesterday the presence of the United

States in the country over the foreseeable future will be as "crucial as ever" since it will assure the Philippines against regional threat.

"Over the foreseeable future, we regard the US presence as crucial as ever. Today it assures us not much against identifiable enemies as against uncertainties. And these uncertainties include aggressive nationalism, territorial conflict, and clashing regional ambitions," Almonte said in a speech before members of the diplomatic corps at the DFA [Department of Foreign Affairs] building on Roxas Boulevard in Manila.

Almonte also said the Philippines cannot rely on regional stability with the balance of power alone, because "the power balance by itself sooner or later breaks down." "And because the technology of war has so improved, the next time the balance of power breaks down may turn out to be the last," he said.

Therefore, Almonte said, the country suggests that the balance of power as the foundation of regional peace should be replaced with permanent peace based on "interdependence" and "mutual benefit."

On the possible regional conflict vis-a-vis the South China Sea issue, Almonte said, the Asia-Pacific as a community must seek new ways of ensuring continued peace relations among countries in the region.

"Although the uncertainty over the future of the South China Sea has forced on us a modest modernization of our Armed Forces which have Southeast Asia's most obsolescent weaponry," Almonte said.

Almonte said the Spratlys claimants must also agree on a common goal by building "bridges of mutual confidence between our countries."

The Spratly islands are being claimed in whole by China, Taiwan and partly by Malaysia, Brunei, Vietnam and the Philippines. The archipelago is believed to be rich in oil and mineral reserves.

Manila and Hanoi agreed last November to adopt a code of conduct which recognizes their respective territorial boundary within the South China Sea archipelago.

The Philippines and China have also agreed on the same set of principles.

Meanwhile, Foreign Secretary Domingo L. Siazon said the Philippines will continue to hold consultations with other countries to promote cooperation in combating international terrorism.

"What we are doing more is we intensify our information drive campaign against the suspected terrorists," Siazon told reporters.

Philippines: MNLF Committed to Interim Peace Agreement*BK1301144496 Manila MANILA BULLETIN in English 13 Jan 96*

[Report by Emily R. Pena — received via Internet]

[FBIS Transcribed Text] The Moro National Liberation Front (MNLF) has expressed its commitment to abide by the Interim Peace Agreement reached by the Philippines and the MNLF in Jakarta last year. Commander Khaid Ajibon, chairman of the Lupah Sug State Revolutionary Command in Indanan, Sulu, said the MNLF will also remain neutral in Sulu politics. "The MNLF will not take any side in the political dispute in Sulu to help maintain peace and order in the province," Ajibon said. Ajibon said the "MNLF shall stay firm in its commitment to the peace process signed in Jakarta under the 1995 Interim Agreement." The agreement was signed by Philippine government panel chairman Manuel Yan, MNLF Chairman Nur Misuari, Indonesian Ambassador S. Wiryo, and Organization of Islamic Countries (OICs) representative Mohammad Mohsin. The MNLF, he said, remains committed to help the Armed Forces of the Philippines (AFP), the Philippine National Police (PNP), and the Philippines' constituted government.

The MNLF commander said that in the interest of the people of Sulu and the peace and order situation in the province, the MNLF is looking forward to the assumption into office of the gubernatorial winner. The governorship of Sulu is temporarily vacant as the Commission on Elections (Comelec) affirming Sakur Tan's victory in last year's elections has been appealed before the Supreme Court by Tupay Loong. Ajibon said the "absence of an elected governor in Sulu will contribute to the stagnation of the development of the province," thus, his command looks forward to the announcement of the duly-elected governor. Ajibon also assured Interior and Local Government Secretary Rafael M. Alunan III of supporting the latter's peace and order program.

Philippines: Congressman Interviewed on Drug Operations*BK1201132496 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0945 GMT 12 Jan 96*

[Interview With Congressman Roilo Golez at his Residence in Manila on 12 Jan — recorded]

[FBIS Translated Text] [Announcer] Imprisoned and yet able to engage in drug trafficking? According to Congressman Roilo Golez, because of high-tech equipment, Ivan So, an imprisoned drug lord, still

continues to trade in illegal drugs. Why is this alibi accepted by the police, or this being allowed to happen?

Golez vows to intensify his campaign against the drug lords. He is also putting together an additional list of drug lords. For more details, here is a report from Marilyn Kawad. Marilyn, come in:

[Kawad] He is already in jail but he still continues to trade in illegal drugs. This is how powerful the drug lords are. In an exclusive interview with GMA NEWS, Congressman Golez revealed that convicted the drug lord Ivan So, a Chinese national, continues with his drug trafficking operations even though he is in jail. Golez said So uses remote-controlled devices like a cellular telephone while inside Muntinlupa [Manila jail].

[Golez, in English] His name is Ivan So. He used to operate here in Paranaque. He has been convicted. He is in Muntinlupa. But I understand that he's still actively monitoring drug trafficking activities by remote control using a cellular phone.

[Kawad, in English] Inside Muntinlupa?

[Golez, in English] While inside Muntinlupa, I have asked General Job Mayo and Colonel Peadar to look into this.

[Kawad] Golez has coordinated with Narcotics Command [Narcom] and Philippine National Police officials to investigate So and to simultaneously revise the list of suspected drug lords.

Based on the names initially submitted by Golez, 64 of the total of 399 suspected drug lords have been arrested by Narcom. Golez added that most of the big-time drug lords act as philanthropists.

[Golez, in English] Some of these people can be very respected members of society today. The same with the local drug lords that I mentioned. Some of them may appear to be very respectable. Some of them may be philanthropists in their localities, but it's very easy for one to be charitable if you're making lots and lots of money by criminal activities.

[Kawad] Meanwhile, Golez promised the authorities not to divulge the names of suspected drug lords yet, so as not to jeopardize intelligence operations. [end recording]

Philippines: Police Tracking Suspected Foreign Terrorists*BK1201124696 Manila PHILIPPINE DAILY INQUIRER in English 8 Jan 96 pp 1,7*

[Report by Raymond Burgos]

[FBIS Transcribed Text] Police intelligence agents are tracking down five suspected foreign terrorists as a four-

day ministerial meeting of the Asia-Pacific Economic Cooperation [APEC] starts in Manila today.

It is not clear if the five foreigners, believed to have arrived in the country in 1994, were part of a terrorist group reportedly planning to disrupt the APEC summit at the Subic Freeport in November.

But sources at the PNP [Philippine National Police] Intelligence Command and Security Command said the foreigners' leader had been in close contact with the group of Ramzi Ahmad Yusuf before he was arrested in Pakistan in March.

Yusuf has been linked to a plot to assassinate Pope John Paul II during his visit to Manila last January and the bombing of a Philippine Airlines flight to Japan in October 1994.

Security has been tightened at the Philippine International Convention Center [PICC] and the Manila Hotel where some 150 officials from 18 APEC member-countries are to attend a ministerial meeting on human resources development.

Senior Supt. [Superintendent] Victor Tiangco, director of the PNP Security Command, said at least 200 policemen from his command will act as close-in security to the delegates.

Hundreds of Western Police District Command personnel will direct traffic and secure the perimeter of the PICC and the Manila Hotel.

The five suspected terrorists are believed to be members of the Hezbul Dawah Al Islamiyah (Islamic Preaching Group), a radical Islamic fundamentalist organization loosely referred to as the "Ali Movement." Camp Crame [police headquarters] sources said.

Leader identified [subhead]

The same sources identified the group's leader as Bashar Habib, an Iraqi national and explosives expert who trained in Libya and London.

Habib reportedly presided over a meeting of some 15 representatives of various international terrorist groups which drafted a six-page terror campaign directed against top Philippine officials as well as vital government offices and installations.

Documents showed that the Hezbul Dawah Al Islamiyah, which propagates the teachings of Ali Radiallahu, one of the pious four caliphs of Islam, is opposed to the government of Iraqi President Saddam Hussein.

Adel Annon, Yusuf's twin brother who was arrested in Manila two weeks ago, was a member of the group.

The extremist group has cells in the United Kingdom, Pakistan, Australia, New Zealand, Iraq, Lebanon and in other countries with sizable number of Iraqi nationals and refugees, the sources said.

In the Philippines, the Hezbul Dawah Al Islamiyah was organized in 1992 by Mustafa Abu Zainab and Abu Shimma, both Iraqi nationals.

The local cell is composed of "transnational Muslims," including Iraqis, Lebanese, Palestinians, Bangladeshis, and Shia converts.

Iraqi members [subhead]

A report prepared by the PNP Intelligence Command said Mustafa Abu Zainab was involved in a plot to assassinate prominent personalities in Metro Manila, including ambassadors to the Philippines of New Zealand, Australia, the United Kingdom and Spain.

It also revealed that the extremist group regularly distributes Al Noor (Shining Light), the group's newsletter, to local Muslims praying at the Golden Mosque in Quiapo, Manila.

The human resources development meeting at the PICC is only the first of a series of conferences to be held here before the APEC summit in November.

Among those expected to attend are labor ministers from Australia, Brunei, Chile, Canada, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, China, Taiwan, Singapore, Thailand, and the United States.

Tiangco said the PNP is ready for any contingency during the series of APEC meetings.

Intensive training [subhead]

He said some 1,500 personnel of the Presidential Security Command are undergoing intensive training in martial arts as well as in VIP [very important person] protection courses.

Intelligence reports earlier said international terrorists were planning to disrupt the economic summit through assassinations and bombings of key government installations and commercial establishments.

Although government officials have continuously denied that foreign terrorists were out to sabotage the APEC meeting, police and military agents have started a crackdown on foreigners suspected to be engaged in terroristic activities.

At least 27 suspected terrorists were captured by government agents from Dec. 16 to Dec. 29 in separate operations in Bulacan, Manila, and Makati City.

Philippines: Official Cautions Branding Arabs as Terrorists

BK2301033096 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 22 Jan 96

[FBIS Translated Text] Foreign Secretary Domingo Siazon has cautioned authorities in the arrests of foreign suspected terrorists. According to Siazon, he has received several letters from Middle Eastern embassies complaining that their nationals are being linked to terrorism. He added that the authorities should verify the nationalities of the suspected terrorists.

[Begin Siazon recording in progress, in English] ...if it is valid. It is that we should not try to brand whoever is arrested as terrorist. Let us say, you do not say Arab terrorist, or Muslim terrorist, or Iranian terrorist, because in many of the situations the alleged terrorist is a holder of the passport. [end recording]

Thailand**U.S. Document Links Thai Politicians in Drug Allegations**

BK2101110396 Bangkok KRUNGTHEP THURAKIT in Thai 21 Jan 96 pp 1, 2

[Unattributed Report]

[FBIS Translated Excerpt] According to a Foreign Ministry source, in early January the United States supplied Thailand with additional information regarding alleged involvement of Thai politicians in drug trafficking in response to the appeal for more information by Thai politicians. The source said: "The United States supplied a document to the Foreign Ministry as a result of the appeal by Watthana Atsawahem, who was allegedly involved in drug trafficking. The document specified new allegations beyond the previous 11-point allegation."

Watthana appealed for more information after publicly disputing the entire the 11-point allegation on 29 December. The source said the new U.S. document was reproduced. One copy was sent to Prime Minister Banharn Sinlapa-acha and another to the Police Department to investigate the new allegations.

The Foreign Ministry also informed the prime minister that the U.S. administration continued to deny a visa to Watthana on grounds that it had reliable information indicating Watthana's involvement in drug trafficking. Moreover, the United States supplied names of about 10 Thai politicians and businessmen on its watch list whom it had denied visas. It said its information was reliable but it had no substantial evidence to proceed with a trial. [passage omitted]

Thai Foreign Ministry Notified of U.S. Extradition Plan

BK1801034096 Bangkok THE NATION in English 18 Jan 96 p A2

[Report by Ophat Bunlom]

[FBIS Transcribed Text] The government has notified Attorney General Khanit na Nakhon of the United States' plan to send officials to take custody of former MP Thanong Sirprichaphong for extradition to face drug trafficking charges, Khanit said yesterday.

Police Department director general Phot Bunyachinda, meanwhile, said the Foreign Ministry had not yet notified him of when the extradition would take place.

Commenting on concerns raised by law enforcement officials that Thanong could be unlawfully replaced or even forcibly seized from police custody en route to being handed over to the US agents, Phot said his department would do everything possible to safeguard the transition.

The handover is scheduled for Jan. 23 in Bangkok and will take place according to diplomatic protocol between the Thai and American governments, Khanit said.

The Office of the Attorney General has notified the Foreign Ministry of the procedures involved so the ministry can act on behalf of the office, he said.

Upon receiving notification from the office, the ministry will coordinate with the US Embassy, putting its officers in touch with the Interior Ministry's Corrections Department, which is overseeing Thanong's detention.

Procedures are already in place for the Corrections Department to hand over Thanong to US custody.

Former Nakhon Phanom MP Thanong (Chat Thai Party) was indicted in absentia by a US court for allegedly exporting 45 tonnes of marijuana to the US between 1973 and 1987.

Justice Ministry spokesman Wichai Ariyananthaka told THE NATION that Thanong's lawyer, Prachum Thongma, had done all he could for his client in appealing the ruling of the Appeals Court.

Wichai said Prachum had employed clever, technically permissible ploys to try to throw Thai and US officials off track in their efforts to extradite Thanong.

The officials have three months in which to extradite the suspect after the Appeals Court's ruling upholding the lower court's decision.

If his extradition does not take place within the stipulated three-month period, Thanong can no longer be extradited, Wichai said.

Thai Officials Prepare for Thanong Extradition to U.S.

BK1801085896 Bangkok KRUNGTHEP THURAKIT in Thai 18 Jan 96 p 16

[FBIS Translated Text] According to a report from the Police Department, Police Major General Noppadon Sombunsap, deputy chief of the Police Narcotics Suppression Division, held consultations with Police Maj. Gen. Ammarin Niamsakun, chief of the Police Department's Foreign Affairs Division, at 1300 on 17 January at the Police Department's Foreign Affairs Division. The meeting was in regard to the coordination for handing over Thanong Sirprichaphong, former Chat Thai Party MP for Nakhon Phanom Province, to face charges of involvement in narcotics trafficking in a U.S. court at U.S. request. Earlier, a Thai appeals court ruled that Thanong should be extradited to the United States. Thai officials have sent fax messages to U.S. international law enforcement officials and a special county court in northern California to inform them of the scheduled handing over of Thanong to U.S. officials and their departure time from Bangkok International Airport at about 2355 on the night of 17 January via a United Airlines flight.

The correspondent also reported that at about 1500 on 17 January, Police Maj. Gen. Ammarin, Police Maj. Gen. Noppadon, and high-level officials of the U.S. FBI and the U.S. Embassy in Thailand held a meeting on the handover plan for about 30 minutes before making a trip to Bangkok International Airport.

At the same time, a top secret order was issued to Police Lieutenant Gen. Somchai Milinthagkun, chief of the Police Narcotics Suppression Division, to send a fully-armed team of police narcotics suppression officials to escort Thanong from the prison to Don Muang Airport.

Apart from that, at about 1600 on the same day, Police Maj. Gen. Ammarin coordinated with Police Maj. Gen. Priophan Damaphong, commander of Immigration Division 2, on the plan to hand over Thanong to U.S. officials.

Before a meeting of senior police officers at the Police Department's Foreign Affairs Division, Police Gen. Phot Bunyachinda, the Police Department director general, said that with regard to Thanong's extradition to face legal action in the United States, the Police Department has taken into account the possibility of the suspect being unlawfully switched for another or forcibly seized. Therefore, the extradition operation must be carried out carefully, he said. He noted that the Thai police would maintain custody of Thanong before handing him over to U.S. officials at Don Muang Airport. The rest would be entirely up to the U.S. officials. The Police Depart-

ment is confident that the United States will keep the suspect efficiently under control, the Thai police chief concluded.

Thailand's Thanong Extradited for Drug Trial in U.S.

BK1901021796 Bangkok Radio Thailand Network in Thai 1200 GMT 18 Jan 96

[FBIS Translated Text] The Police Department's Foreign Affairs Division this morning delivered Thanong Sirprichaphong, a former Chat Thai Party MP from Nakhon Phanom, for trial in the United States. Public Relations Department reporter Thanit Chindawan reports:

[Begin recording] [Thanit] Regarding the extradition of Thanong for trial in the United States on the charge of drug trafficking, Police General Phot Bunyachinda said the Foreign Affairs Division delivered Thanong this morning for extradition through the U.S. embassy. Thai police officials took Thanong from the Corrections Department last evening and detained him at the Immigration Department office at Don Muang airport to await his being put on a plane to the United States. Thailand's part in extradition of Thanong has thus been completed.

[Phot] Thanong departed Thailand this morning on a Northwest flight. The Foreign Affairs Division and the Immigration Division took Thanong from the Corrections Department last night and detained him at the Immigration Division office at Don Muang airport. He was then handed over to a U.S. envoy. [end recording]

Thai Former MP Thanong Heads For U.S. Court Trial

BK1901035096 Bangkok THE NATION in English 19 Jan 96 pp A1,A5

[Unattributed report]

[FBIS Transcribed Text] Former Chat Thai MP Thanong Sirprichaphong became the first Thai to be extradited to the United States when he was put on a plane early yesterday to face drug charges, police and an American embassy official said.

"In compliance with Thai law and in conformity with the Thai-US extradition treaty, Thanong Sirprichaphong was turned over to US authorities and travelled to the US in the custody of US officials to face legal proceedings," the US Embassy's spokeswoman said.

Thanong is the first Thai national sent to the United States under the extradition treaty. His swift departure, which caught the media off guard, sets a precedent

for the extradition of alleged drug smugglers linked to opium lord Khun Sa, Thai and US officials said.

The Criminal Court last year ruled in favour of Thanong's extradition to the United States, where he had been indicted on drug trafficking charges. The Appeals Court upheld the ruling in late December and said the decision was final.

Thanong was handed over to US authorities despite last-ditch efforts by his lawyer to challenge the courts' decisions. Thanong's petition addressed to the Supreme Court was last week rejected by the Criminal Court, and several judges cautioned that the Thai authorities must not be distracted by "time-buying" tactics.

After the Appeals Court ruling, the government had three months to extradite Thanong before the order lapsed.

"We welcome this positive development and look forward to continued close cooperation between Thailand and the United States in countering narcotics trafficking," the embassy spokeswoman said.

Officials said Thanong's extradition was extremely significant because it paved the way for future extradition of other Thai nationals wanted for crimes in the United States.

Moreover, it sent a strong message to the Burmese government that the United States was serious about getting Khun Sa, who has surrendered himself and most of his army to Rangoon under an obscure agreement. Washington's demand for Khun Sa's extradition has been spurned by the Burmese junta.

Thanong faces charges filed in a California court alleging he smuggled more than 45 tonnes of marijuana into the United States between 1973 and 1987. He has denied the charges.

Thanong, who does not face any charges in Thailand, resigned as an MP in May 1994 after the United States disclosed details of the previously secret 1991 indictment.

An initial report from the United States said he could be sentenced to life imprisonment and a US\$4 million (Bt100 million) fine on each charge if convicted by a US court.

A senior police official said Thanong could serve most of any sentence in a Thai jail if the penalty was not life.

"Suppose he gets 15 years. We might be able to seek his transfer after he has served one-third of his sentence," said Pol Maj Gen [Police Major General] Amarin Niamsakun, commander of the Foreign Affairs Division.

The initial plan to extradite Thanong on Jan 23 was moved forward to yesterday morning because there were concerns about protests by the suspect's supporters, he said.

Twenty police from the 191 unit took Thanong from Klong Prem Prison and handed him over to US drug and customs officials, Amarin said.

"Thai police helped protect Thanong until he was on board, where he would be accompanied by two US officials all the way to San Francisco," Amarin said.

"He carried only one suitcase with him. He won't need much money or clothes because there are strict US regulations on this."

Police Director General Phot Bunyachinda said the handover was made at immigration headquarters at Don Muang airport and was witnessed by the US Ambassador.

A source said Thanong departed on a 6.30 am Northwest Airlines flight. Phot confirmed only the departure time.

Legal experts said Thanong's trial could be as short as three months, depending on the readiness of the prosecution and defence. The trial could take place in northern California, where the court indictment was issued.

The three-count US indictment alleges that, between 1973 and October 1987 Thanong "did knowingly and intentionally engage in a continuing criminal enterprise".

The indictment charges Thanong with importing four tonnes of marijuana into the United States in June 1987 and of conspiring with others to import 13,800 kilograms of marijuana into the United States in 1986 and 1987.

An affidavit in support of a prosecutor's request to seize property belonging to Thanong in California details Thanong's alleged drug-trafficking activities.

It alleges that, in 1977 or 1978, Thanong arranged to have between one and two tonnes of Thai marijuana smuggled into southern California via container freight. In 1982, Thanong allegedly sold between 5,900 kg and 6,360 kg of Thai marijuana to American smugglers for about \$1.3 million and that in 1985 or 1986 he allegedly agreed to supply about 18 tonnes of marijuana to American smugglers and was paid \$2 million.

Meanwhile, the extradition hearings of 11 alleged drug smugglers believed to be linked to Khun Sa are expected to be completed by mid-1996. The Interior Ministry last year revoked the citizenship of those who claimed to be Thai.

Thai and US officials believe Thanong's case set an important precedent.

"It makes it easier," a senior Thai drug official said.

"After the charge was decided against Thanong it set a precedent to send other people."

Thai Police Seek U.S. Information on Drug Charges

BK2401030896 Bangkok THAILAND TIMES
in English 24 Jan 96 p A1

[Unattributed report]

[FBIS Transcribed Text] Bangkok — The Narcotics Suppression Bureau (NSB) has asked for information from the United States about accusations leveled against Thai politicians concerning their involvement in drug trafficking, the deputy NSB commissioner said yesterday.

Police Maj-Gen [Major General] Nopphadon Sombun-sap said the NSB has sent a letter to the Foreign Affairs Ministry to seek the information from the U.S. authorities.

"If there is enough evidence to prove that the politicians took part in wrongdoing, legal action will be taken against them," he said.

The police's move came after former Chat Thai MP Thanong Siriprichaphong was extradited to the United States last Thursday to face trial at a northern California court with the charge of trafficking marijuana to the United States between 1973 and 1987.

He was the first Thai extradited to the United States under the U.S.-Thai treaty signed in 1929.

Other Thai politicians accused by the United States included Chat Thai Party executive Watthana Atsawahem and former Phrae MP Narong Wongwan. Both have been denied visas to the United States.

Nopphadon also said there are 11 people accused of involvement in drug trafficking who are awaiting the court's decision before being extradited to the United States.

These 11 were working with drug lord Khun Sa who recently surrendered to the Burmese Government. Three of them are Thai and the rest are Shan nationals who hold fake Thai ID cards.

Nopphadon said the 11 people will be extradited to the United States as was former Chat Thai Party (CTP) MP Thanong Siriprichaphong, if the court makes a ruling similar to the ruling of Thanong's case.

Thai Editorial on Possibility of More Drug Extraditions

BK2301014196 Bangkok NAEO NA in Thai
22 Jan 96 p 3

[Editorial: "The Shame of the Thai People"]

[FBIS Translated Text] An ex-member of the honorable parliament and member of the main government party has finally been sent to the United States to face charges of narcotics trafficking in a U.S. court. When the charge was lodged against him, his party — in the opposition at the time — rebuffed the U.S. allegation, saying it was political sabotage. Yet the truth prevailed. The former MP of the party — now in government — was forced to resign and submit to a court's decision. The court of justice ruled that he should be sent to the United States for trial.

It is reported that 10 more Thai nationals are wanted by the United States for trial for involvement in the drug trade, including politicians and businessmen. It is alarming that Thai politicians and businessmen are involved in such a shameful enterprise. We had almost forgotten the case of the two politicians from the government party who were denied visas to the United States and whose nomination to any ministerial post brought the threat of U.S. retaliation. Lately, the United States has reiterated its stand on the visa rejections and has even sought the extradition of 10 more people to stand trial in the United States.

One still remembers that when the prime minister appointed an inquiry committee to probe the U.S. charges against the two politicians, Dr. Thanat Khoman, the committee chairman and former foreign minister, expressed his eagerness to perform his duty because, as he said, the United States is not entitled to make accusations against any Thai national without substantive evidence. He said it was an insult to Thai nationals. Nevertheless, after conducting investigations for some time and failing to produce any proof to rebuff the U.S. allegations, the committee chairman resigned. He may also have resigned because he found something he could not reveal.

Politicians who have committed wrongdoings must be shivering now that an ex-MP of the government party has been handed over to the United States for trial, followed by the report about the United States seeking the extradition of others involved in the drug trade. They have reason to be afraid of the U.S. request and the Thai Government's possible consent to having a court rule on extradition, similar to what has just happened. If there are any more cases like this, the Thai people will be too ashamed to look others in the face.

What happened gives an advantage to the prime minister, who concurrently holds the post of interior minister. If he is really pushed to carry out a cabinet reshuffle, the prime minister will be able to either keep the post for himself or else find another person for the post — a person whose application for a visa to the United States has not been rejected. Thai nationals or politicians who are afraid of extradition to the United States should plan to flee the country now, and the best place for them to go is Burma. Burma has no extradition treaties with other countries. Look at the case of Khun Sa, for example. Burma already refused to send him to the United States. This is the best place for those accused of narcotics trafficking.

Thai Editorial Assails U.S. Attorney General Over Charges

*BK2401114996 Bangkok SIAM RAT in Thai
24 Jan 96 p 3*

[Editorial: "U.S. Attorney General's Accusation"]

[FBIS Translated Text] Special Colonel Thanat Khoman, former foreign minister and chairman of the inquiry commission, has criticized the U.S. attorney general over a statement she made concerning Thai politicians Wathana Atsawahem and Narong Wongwan, the deputy leaders of the Chat Thai Party, who were denied visas to the United States for their suspected involvement in the international drug trade. Speaking to reporters, Thanat said the United States has the right to deny visas to anyone, but is not entitled to link the case of Thanong Siriprichaphong, the drug suspect who has been handed over to the United States for trial on drug charges, to others. Thanat stressed that the two politicians had not been indicted because the United States could not find evidence to indict them. Thus, they are considered innocent under the principles adopted by all democratic countries.

Thanat said that if he ever became a victim of such allegations, he would sue his accuser if they could not produce any evidence.

The U.S. attorney general's unsubstantiated statement was damaging to Thailand and the Thai people. Surprisingly, the statement was made by a person in a high position, equivalent to a cabinet minister. If it is not because some U.S. politicians are low-class and ignorant people, then what happened means that they are treating Thailand like a country under U.S. influence and are trying to project the United States as a saint in narcotics suppression.

Thai politicians have been accused of involvement in drug trafficking for quite some time. Some have been indicted by U.S. courts. The United States has requested

their extradition and Thai courts have approved their extradition under the Thai-U.S. extradition treaty.

Yet the United States still does not have enough evidence against the two Thai politicians to take them to court. According to political ethics, the U.S. attorney general should not have made an accusation against them because they are politicians of an independent democratic country, not a colony or a country under U.S. mandate. The U.S. attorney general's action is not representative of a civilized state or a democracy.

Such an unethical and barbaric attitude by a high-ranking U.S. politician will only project the United States as a country that adopts power politics instead of sound principles and good reason, and in particular a country that is ready to do anything to protect its interests.

We do not know what the two Thai politicians will do following the unsubstantiated accusation made by the U.S. attorney general. We feel it is not right to let the accusation die out by itself.

Thai Official Views Aviation Rights Accord With U.S.

*BK2001160896 Bangkok THE NATION in English
20 Jan 96 p A 1*

[Report by Usani Mongkhonphon]

[FBIS Transcribed Text] Hua Hin — Thailand and the United States yesterday settled bilateral aviation talks after four days of official negotiations in Hua Hin, with a long-awaited agreement scheduled to be signed in the next few months.

The Aviation Department's director-general, Sisuk Chantharangsri, who headed the Thai negotiating team, said both sides reached an agreement on the frequency and capacities of passenger and cargo services as well as the fifth freedom right.

The draft agreement must be submitted to Cabinet for approval before being signed by the foreign ministries of both countries. The contract will be a three-year aviation rights agreement to allow the conditions to be revised.

Sisuk said Thailand and the US have agreed to allow each other 31 passenger and 24 cargo flights per week. The US side earlier proposed flying a maximum of 37 flights a week from the US to Thailand.

For fifth freedom flights, under which airlines have the right to carry passengers from third countries before arriving in the destination country, Sisuk said both sides have the right to make not more than 14 of the flights a week in each point.

US airlines now operate fifth freedom flights via Tokyo, Osaka, Taipei and Seoul.

Sisuk claimed that the agreement on the fifth freedom right was the key to the success in breaking the impasse after a prolonged dispute of over five years.

Moreover, the US agreed to increase the destinations for Thailand from the current six points to 18 points, which can be changed depending on seasonal flights.

Thai Airways International [THAI] plans to begin operating flights to San Francisco and Dallas.

For the Bangkok-Los Angeles route, THAI plans to increase its flights from four to seven per week in the middle of the year.

Robert Griffith, first secretary of the US embassy in Thailand, said that the agreement would be advantageous for both Thailand and the US, widening access to each other's markets. Thailand in particular has the potential to establish more airlines in the near future.

However, Sisuk said Thailand is also concerned about air fare dumping by US airlines, which would damage THAI. Both sides have agreed that airfares will be an important aspect of the aviation relationship.

Sisuk said airfares should be fair for both sides otherwise further aviation talks will run into difficulties.

For code-sharing rights, the US agreed to allow THAI to create code-sharing agreements with US airlines for ten destinations. THAI plans to form an alliance with United Airlines with a code-sharing agreement.

Thai Minister on Burmese Opium Trade Production
BK1801034496 Bangkok THE NATION in English
18 Jan 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Drug production in Burma will not decline despite the ruling junta's recent success in gaining greater control over ethnic groups along the northern Thai-Burma border, a PM's [Prime Minister's] Office minister predicted yesterday.

Prasong Bunphong, who leads national drug control efforts, said even if Burmese opium warlord Khun Sa was no longer leading Shan ethnic fighters against the junta's troops, factions of his Muang Tai Army [MTA] and some ethnic Karenni and Wa remained largely independent of government control.

Even if ethnic minority groups gave up their struggle against the Burmese government, Rangoon was not expected to commit enough money to keep them out of the drug trade.

Burma was producing greater amounts of amphetamines each year, rather than just heroin, he said.

The drug problem had not gone away. The drugs were cheap to produce in Burma and they had markets demanding their products, he said.

Thailand could not expect the Burmese government to solve the drug problem, since Burma was itself plagued by problems with human rights and drugs.

He said provincial governors in the most drug-affected areas of Thailand tended to ignore the problem and made little effort to cooperate with each other in its elimination.

He said he planned to inspect Wana Luang Village in Mae Hong Son's Muang district on Feb 8-9, and would be accompanied by agents of the US Drug Enforcement Administration.

Thailand: Burma Agrees To Allow Over 70,000 Burmese To Return

BK1901045096 Bangkok BANGKOK POST
in English 19 Jan 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Mae Sot, Tak — Burma has agreed to allow over 70,000 of its citizens who have taken refuge in camps along the border to return home.

An agreement was reached at yesterday's meeting in Myawaddi of the Joint Local Thai-Burmese Border Committee, according to Col [Colonel] Suwit Maenmuan.

At the meeting, Col Suwit and a team of five officials met the team of Lt-Col [Lieutenant Colonel] Kyaw Hlaing, and the latter accepted a proposal on the return of over 70,000 refugees.

A list has been drawn up of over 9,000 refugees at Sho Klo camp in Tha Song Yang who are to be voluntarily repatriated as soon as Burma is ready Col Suwit said.

The meeting also touched on the re-opening of the Mae Sot- Myawaddi border checkpoint.

Burma's State Law and Order Restoration Council ordered this closed, alleging that Thailand was seeking to shift the borderline. Work on the Thai-Burmese Friendship Bridge was suspended in June last year.

The Thai side asked yesterday when the border would be re-opened and work restarted; Burma reiterated that Thailand must dismantle the causeway it built on a section of the river before talks could be resumed.

The causeway on the Thai side of the river was built several years ago by Thai business concerns to close the gap between an islet in the middle of the river and the Thai bank.

Rangoon considers the construction of this man-made facility to be aimed at altering the border demarcation, and has demanded that Thailand restore the waterway that separates the islet and Thai territory.

The two sides agreed that the local border committee would meet again sometime after the meeting of the Regional Thai-Burmese Border Committee in Moulmein in February.

The regional committee is expected to discuss various border disputes between the two countries.

Burmese Karen Rebels Threaten Thai Refugee Camps

BK2101104496 Bangkok THE SUNDAY NATION in English 21 Jan 96 p A2

[Unattributed Report]

[FBIS Transcribed Text] Mae Sot — A splinter group of Burma's Karen rebels is threatening to attack Thai refugee camps in an effort to force members of the Karen guerilla group back into Burma.

The Democratic Karen Buddhist Army (DKBA) has accused the Karen National Union (KNU) of hiding large arms caches in Thailand and of operating from inside the Kingdom.

Cpt Kyaw Thay, the DKBA commander at Kawmura, a camp opposite Thailand's Mae Sot district in Tak, said that as long as the KNU remains in Thailand his forces will continue their efforts to drive it out.

The DKBA, he said, has repeatedly entered Karen refugee camps in Tak's Tha Song Yang district because Thai authorities had failed to act against many KNU members taking shelter there.

He said he knows where the KNU has hidden its arms in Thailand and that his Karen Buddhist forces will try to find them.

Kyaw Thay said the DKBA wants the KNU's weapons and has asked to negotiate with Thai authorities for permission to search for them. But Thai officials have refused to do so, he added.

"Thai authorities probably do not know where the KNU has hidden its arms caches, but we do. That's why we want to get permission to enter Thailand to unearth them without hurting anybody.

"We want the weapons only because if the KNU keeps them, it can use them to fight us," said the 33-year-old commander.

His group, he said, has sought to hold talks with the KNU and sent a letter on May 19 last year to KNU Sixth Brigade Commander Gen Shwe Saing. The Karen leader has never replied to the letter.

Kyaw Thay, whose forces seized the Kawmura camp early last year from the KNU, said his group has often been wrongly accused of attacks on Thai citizens within Thailand.

He said that his group was not responsible for the robbing of Thai border villagers or a hand-grenade that exploded in a tourist coach last year.

The DKBA threat to continue trespassing into Thailand has prompted the Kingdom to boost the strength of its forces along a 100-kilometre stretch of border to stop any increase in attacks.

Thai intelligence officers in Mae Sot said Karen refugees in Ban Huai Kalok camp were warned by the DKBA that its forces would enter their refuge between Jan 18 and 21.

The threat led many of the more than 6,000 refugees to flee to other camps or elsewhere.

Meanwhile, Thai officers said the Burmese junta plans to designate Ho Mong, the site of the headquarters of opium warlord Khun Sa, as a new district in the Shan State. Ho Mong lies opposite Thailand's Mae Hong Son province.

The decision came during a visit on Thursday to Ho Mong by Lt Gen Maung Thint, Burma's minister for Border Areas and National Races Development, and Maj Gen Tin Htut, commander of Burma's Northeastern Command.

Thai Curfew Imposed To Protect Karen Refugees From Attack

BK2001145796 Bangkok BANGKOK POST in English 20 Jan 96 p 6

[Unattributed Report]

[FBIS Transcribed Text] Tak — Thai authorities yesterday imposed a curfew on two refugee camps in Tha Song Yang District to protect them from possible attacks by the Democratic Karen Buddhist Army. [DKBA]

The curfew forbids 32,231 Karens in the Sho Kio and Mae La camps going out between 6 p.m. to 6 a.m., a senior provincial official said.

Anyone found breaking the curfew faces arrest or repatriation to Burma. Defence volunteers and guards have been placed in both camps to ensure refugees abide by the rule, said the official.

To beef up tight security for Karens, combined teams of border patrol police, infantrymen and local police officers have been patrolling areas outside the camps.

The local authorities have also sent a team to put up barbed wire around the two refugee camps to prevent intruders entering.

Col Anek In-annuai, chief of the Fourth Infantry Regiment, said such measures were taken to protect Karens in the camps from harassment by intruders.

Both Sho Klo and Mae La camps have been targets of attacks by the breakaway DKBA, he said.

It has conducted frequent cross-border raids to harass and threaten camp residents, putting pressure on them to return to Burma, he said.

The pro-Rangoon DKBA and Burma have called on Thailand to send Karen refugees to Burma.

But Thailand has insisted they only be repatriated voluntarily.

A number of Karens have also resisted voluntary repatriation, claiming they are not ensured safety in Burma.

Col Anek said as a neutral country Thailand could not force the refugees to return home.

Sho Klo and Mae La camps are located along the Mae Ramat-Mae Sariang Highway in Tambon Mae Song and Tambon Mae Lae, respectively.

The Sho Klo camp, which houses 9,405 Karen refugees, is very near the border.

Intruders can easily access to it by crossing the Moei River.

Tak provincial authorities had considered moving Sho Klo's refugees to other camps such as Mae La, but the plan was scrapped due to lack of money.

Mae La now shelters 22,826 Karen refugees who moved from Huai Manok, Kamaw Lay Kho and Kaw Htee Lu camps last May after their previous camps were burned down by the DKBA.

Thai Army Increases Cambodian Border Patrols

BK2001114996 Bangkok THE NATION in English
20 Jan 96 p A 2

[Unattributed Report]

[FBIS Transcribed Text] The Army has increased patrols along the Cambodian border in the expectation Phnom Penh will launch massive raids against Khmer Rouge [KR] guerrillas in the next few days, 1st Army Region Commander Lt Gen Winit Krachangson said yesterday.

Fighting between government troops and the guerrillas had been serious in the past weeks, but had not spilled over into Thailand, he said.

"We have increased the frequency of patrols along the border and deployed more soldiers in areas we think could be affected. Villagers should not worry as we are on the alert," he said.

Local people had been warned of the fighting inside Cambodia and that artillery and mortar shells could stray across the border.

The Army would follow government policy and disarm any Cambodian troops found on Thai soil before sending them back. Any dead Cambodian soldiers would also be returned.

"There is a high possibility that Cambodian government troops will intensify their suppression of the Khmer Rouge in the next few days, with the aim of complete suppression," he said.

Thailand: Chawalit 'Concerned' About Cambodia Border Issue

BK2101110596 Bangkok NAE0 NA in Thai
21 Jan 96 p 2

[Unattributed Report]

[FBIS Translated Text] Speaking to newsmen on 20 January, Deputy Prime Minister and Defense Minister General Chawalit Yongchaiyut said he was concerned about the Cambodian border situation, which may become very violent soon. He said there is need for greater vigilance. In response to frequent seizures of Thai people by soldiers from Cambodia, efforts have been taken to accelerate formation of units of local people to defend themselves.

Regarding the situation in Cambodia, heavy fighting continued over the past three days as Cambodian Government forces attacked Khmer Rouge positions opposite Thai territory at Nong Ian, Aranyprathet District. The attackers faced strong counterattacks by the Khmer

Rouge who had terrain advantage, resulting in a temporary lull in the fighting.

According to a major in the 12th Cambodian Division, casualties of the government force numbered over 50 and two tanks were destroyed, while the Khmer Rouge loss was several dozens. He said the Cambodian Army was considering moving heavy weapons and reinforcements from Siem Reap, Takeo, and Battambang to launch another big offensive to rapidly defeat the Khmer Rouge. Planes might be used to bomb Khmer Rouge positions on Phnum Malai before using the 3d and 12th divisions to attack the Khmer Rouge frontline in order to move in the heavy weapons. The problem is that the bombing targets are located near the Thai border.

The Khmer Rouge movement reinforced their frontline with more than 200 men. A military source noted that some 1,000 men were on the way from the Khmer Rouge unit in Pailin to fortify Phnum Malai positions, bringing with them tanks and mobile 40-tube rockets.

Thai Prime Minister Receives Indian Foreign Minister

BK1901025696 Bangkok Radio Thailand Network in English 0000 GMT 19 Jan 96

[FBIS Transcribed Text] Thailand has urged the Indian Government to consider releasing the remaining Thai fishermen being detained in India. The call was made by Prime Minister Banhan Sinlapa-acha Wednesday when Indian Minister of External Affairs Pranab Mukherjee paid a courtesy call on him. The Indian minister attended the 3d Thai-Indian Joint Commission in Bangkok during 16 to 17 January, 1996.

Prime Minister Banhan also thanked the Indian Government for its release of a number of Thai fishermen early last year to mark the 50th anniversary of His Majesty the King of Thailand's accession to the throne. The Indian minister, on his part, thanked ASEAN for its decision to accept India as an ASEAN dialogue partner. He reaffirmed India's intention to promote relations between India and ASEAN. On bilateral relations, India regards Thailand as its major trading partner and is pleased to see trade and investment between the two countries increase steadily.

The Indian minister of external affairs also handed over an invitation letter from the Indian prime minister for the Thai prime minister to visit India. Prime Minister Banhan accepted the invitation, saying he will visit India at his convenient time in the near future.

Thai Minister Chawalit Receives Indian Foreign Minister

BK1801071796 Bangkok THAILAND TIMES in English 18 Jan 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Thailand yesterday welcomed India's military cooperation and invited the country to participate in a senior military officials meeting in March, to be hosted by Thailand, in an attempt to strengthen ties and create peace in the region. Defense Minister Chawalit Yongchaiyut announced yesterday.

"We discussed military cooperation and India's two defense ministers also sent me their regards. Our two countries have experienced good relations for a long period of time," Chawalit declared, after holding talks with India's Foreign Minister Pranab Mukherjee.

Mukherjee arrived in Bangkok on a two-day visit to participate in the joint committee meeting on Thai-India cooperation.

Chawalit said that India's two defense ministers, M. Mallikarjun and Suresh Pachouri, invited him to pay an official visit to India, while they were invited to take part in the March meeting.

Chawalit added, the purpose of the March conference is to determine solutions to future military problems.

He insisted on Thailand and India maintaining strong ties and open talks with each other.

"We have to talk frankly with regards to the purchase of arms, especially as on occasions problems arise from misunderstandings. We should be sincere in creating peace and everything will be fine," the defense minister proclaimed, expressing his high hopes for the up-coming March conference.

Foreign Minister Kasemsamson Kasemsi stated India's foreign minister's visit was aimed at fostering ties between the two countries. He also met with Prime Minister Banhan Sinlapa-acha.

Thailand, India Ratify Continental Boundary Accord

BK2001153096 Bangkok Radio Thailand Network in English 0000 GMT 20 Jan 96

[FBIS Transcribed Text] Thailand and India have ratified their agreement on the sharing of the 70 nautical mile continental boundary in the Andaman Sea.

Thai Foreign Minister Mom Ratchawong [royal title] Kasemsamson Kasemsi and Indian Minister of External Affairs Pranab Mukherjee this week exchanged instruments of ratification on the agreement at the Thai-Indian Joint Commission meeting in Bangkok. Both minister viewed the joint commission as a useful venue for consultations, paving the way to strengthen relations in other fields such as science and technology, fishery cooperation, and investment.

Mr. Mukherjee cited the potential to increase trade volume between Thailand and India. In addition, specific increased bilateral trade targets have been set for 1997. He said the successful conclusion of the joint commission meeting between Thailand and India signified the importance that both sides attached to the enhancement of bilateral relations. This is consistent with India's policy to expand relations with ASEAN countries.

Laos Terminates Tobacco Concession of Thai Company

BK1701154496 Bangkok *THAN SETTHAKIT* in Thai 17-19 Jan 96 p 12

[Unattributed Report]

[FBIS Translated Text] A high-level source in the Ownership Transfer Department of the Planning and Cooperation Committee of the Lao People's Democratic Republic [LPDR] told *THANSETTHAKIT* that the Lao Government has decided not to extend the tobacco production concession of Thepphawong International Company Limited. The government will also take over the operations of the tobacco factory from the beginning of this year.

Under the five-year concession which expired in September 1994, the company, owned by Deputy Industry Minister Anuson Wongwan, was required to produce 40 million packs of cigarette annually. Earlier, it was anticipated that the LPDR Government would either extend the concession or grant it to Malaysia's Haipa Company. However, the LPDR Government reportedly wanted to form a joint venture with a foreign company that was truly specializes in the tobacco industry and was not satisfied by the conditions proposed by the two firms. In the takeover, the LPDR Government is obligated to pay Thepphawong Company \$5 million (approximately 125 million baht) as compensation, and will have to spend \$1 million on more machinery for the factory. Talks on the compensation figure between the LPDR Government and the Thai company are still underway.

The source noted that the first step instituted by the LPDR was to take the tobacco plant back before selecting a foreign company for the joint venture. So far,

tobacco companies from the United Kingdom and Korea have approached the LPRP Government to produce cigarette for the domestic market.

A Thepphawong Company source disclosed that despite the termination of the concession, his company will again raise new proposals for the government's consideration. He said Thepphawong Company is well-experienced in tobacco production in Laos and is capable of effectively running the factory there. It has also been doing the business in Laos since the government of former prime minister General Chatchai Chunhawan, whose policy of "turning battlefields into marketplaces," enticed the Thai private sector to invest in Laos. Noting the successes of Thepphawong Company, the source said the company has installed new machinery at the factory and produced several new brands of cigarettes, as well as provided assistance to Lao tobacco planters. Deputy Industry Minister Anuson Wongwan, the eldest son of business tycoon Narong Wongwan, took up the business opportunities in Laos for the Thepphawong group. Through good relations with the Lao Government, the group won the concession to operate the Lan Xang Hotel. It also plans to enter into other businesses in Laos.

Thai Finance Minister Leads Team to UK for 'Roadshow'

BK1901043996 Bangkok *THE NATION* in English 19 Jan 96 p B12

[Report by Surachai Chupgaka]

[FBIS Transcribed Text] Finance Minister Surakiat Sathianthai and four of the country's leading financial authorities are headed to London for a Jan 22-29 roadshow presenting Thailand to UK financial institutions.

Participants include Bank of Thailand Governor Wichit Suphinit; the Fiscal Policy Office's Director-General Somchai Richuphan; the Securities and Exchange Commission's [SEC] Secretary-General Pakon Malakun Na Ayutthaya; and the Stock Exchange of Thailand's [SET] President Seri Chintanaseri.

Surakiat will brief investors on Thailand's macroeconomic situation.

Somchai will concentrate on fiscal policy.

Surakiat's speech will cover the savings scheme Thailand is promoting, which includes the creation of government pension funds, private provident funds and permission to let new groups establish asset management firms.

Wichit will outline the country's monetary policy and the central bank's financial development plan.

Pakon, the new SEC chief, will talk about the medium-term plan to develop the Thai equity market.

His speech will cover topics such as the setting up of the Securities Finance Corporation (SFC), the Thai Trust Fund, a new credit balance scheme and a plan to allow financial institutions to cross invest to promote international banking.

SET President Seri will focus on brokerage fee policy, the SET's script-less trading system and the market's computerized system.

Companies expected to attend the presentation include leading finance and securities houses in Europe and the United Kingdom, especially those operating joint ventures with Thai companies.

These include SBC Warburg, Morgan Grenfell, HSBC Group, Standard Chartered Bank, GT Management, Lloyd Management and the British-Thai Business Group.

Surakiat will also tell foreign investors that 50 per cent of capital inflow registered as short-term is in fact long-term.

Money which comes into the country through Bangkok International Banking Facilities is usually registered as short-term although its purpose is to stay here for a fixed period of time.

Foreign investors are nervous about short-term capital influxes for fear that the country won't be self-sufficient if the capital is abruptly withdrawn as has already happened in the Mexico peso crisis.

The group will also pay a visit to UK Chancellor of the Exchequer Kenneth Clark to discuss the upcoming Asia-Europe Summit scheduled for March in Bangkok.

Thai Paper: Global Fund Movement Creates Need for Reviews

*BK1901052796 Bangkok BANGKOK POST
in English 19 Jan 96 p 17*

[Unattributed report]

[FBIS Transcribed Text] The rapid global movement of funds and their impact on the economy means the Government at some point will have to review mechanisms such as its fixed exchange rate, a Finance Ministry official suggested yesterday.

The comment was made during a discussion of the country's Financial Master Plan by Choetchai Khannapha, director of the monetary policy and financial institution division of the ministry's Fiscal Policy Office.

The plan, announced last February, is a guide to the liberalisation of the financial sector, not an instrument of

control, Mr. Choetchai told the Foreign Brokers' Group of Thailand.

While the plan in general is sound, the addition of new Thai banks, increasing the number of foreign bank branches and granting more Bangkok International Banking Facility licences will add critical mass in terms of business, he said.

But critical mass alone will not suffice. "It needs other incentives: the introduction of new markets, opportunities and competition. And in these days of quick global interaction, it is not good to talk of protection."

The current Government sees a need for another master plan — one that links financial policies and social development — to complement the plan developed by former finance minister Tharin Nimmanhemmin.

The new master plan, which will be completed soon, is a recognition that "the bottleneck [in the way of] greater growth is the state of unreadiness in certain sectors in society," he said.

The idea is not to force change. Activities such as extending credit to provide housing, education and infrastructure to these sectors do not provide high rates of return, but are necessary, he said.

A special mechanism, in the form of a bank, is needed for social development purposes, Mr. Choetchai believes. This would help groups such as cooperatives to find ways into the financial market.

The focus in the Eighth National Development Plan is on human resource development, so this additional master plan will make development more successful, he said.

The new plan will extend the intention of the Tharin plan, which has tried to foster the creation of a financial network outside Bangkok.

The new Thai banks, which he described as "regional banks", have been proposed with development in mind, he said, but their location in the provinces will not act as an impediment to compete.

THAILAND: Banhan, Sano Retain Positions in Chat Thai Party

*BK2101112996 Bangkok THE SUNDAY POST
in English 21 Jan 96 p 3*

[Unattributed Report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha and Public Health Minister Sano Thianthong remained Chat Thai leader and secretary-general at yesterday's meeting to appoint an executive committee.

Ten members were named deputy leaders, one more than the previous committee. They are Bun-ua Prasetsuwan, Thawit Klinprathum, Watthana Atsawahem, Chuchip Hansawat, Udomsak Thangthong, Pongphon Adireksan, Ruangwit Lik, Chai Chitchop, Bunchu Trithong and Suchat Tancharoen.

Mr Chai, Mr Bunchu and Mr Suchat represent the Thoe Thai faction.

Named deputy secretaries-general were Praphat Phothesuthon, Phuanglek Bunchiang, Somphon Atsawahem, Santisak Ngamphichet, Thani Yisan and Danairit Watcharaphon.

Prathuang Wichanpricha was made spokesman. His deputies are Waratthep Rattanakon, Lt-Col Thoe Trit Bunyarit and Phiraphan Phalusuk.

Pol Gen [Police General] Praman Adireksan was appointed chief economic adviser, Narong Wongwan as chief administrative adviser and ACM [Air Chief Marshal] Sombun Rahong chief political adviser.

Thamma Pinsukanchana was appointed treasurer.

Moreover, 38 MPs and 11 non-MPs were also named to the committee.

Mr Banhan said the Chat Thai-led Government will pay special attention on the drafting of the Eighth National Economic and Social Development plan (1997-9001) to emphasise human resources development and the environment.

On March 10 he and all Cabinet ministers will hear a conclusion on the 8th plan, he said.

Under the 7th plan, the NESDB's [National Economic and Social Development Board] goal for per capita income was 80,000 baht but Mr Banhan plans to make it 140,000 baht.

He quoted an NESDB report as saying the economy under the 7th plan was good but there were social problems and difficulties with unsustainable developments.

The Chat Thai leader pledged continued support for party members who failed to get elected, saying they might have been defeated by money and influence.

He claimed Chat Thai was under control.

"There will no longer be problems about factions in the party," he said. "I am confident I will be able to keep everyone under control."

In an address, he hinted that his tenure of the top administrative position would be his first and last, saying he had become weary of it.

After the meeting, Mr Banhan declined to talk about a cabinet reshuffle.

A shake-up was not needed, he said, and he had told New Aspiration leader Chawalit Yongchaiyut and Phalang Tham leader Thaksin Chinnawat so.

Mr Sano said his heart and soul belonged to Chat Thai, which he had been in for more than 20 years.

Described Mr Banhan as his true political partner, he pledged to strive for unity.

THAILAND: KNU Troops Kill 8 Rival Camp Soldiers in Attack

BK2101112596 Bangkok THE SUNDAY POST in English 21 Jan 96 p 2

[Unattributed Report]

[FBIS Transcribed Text] Tak — At least eight soldiers of the Democratic Karen Buddhist Army [DKBA] died yesterday in clashes with Karen National Union troops across the border from Tha Song Yang.

The 150-strong KNU force, led by Col Bena, went into the attack at about 1 a.m. using 81mm and 60mm mortars and recoilless guns.

Their target was a DKBA operational base near Hill 608 where there were about 50 soldiers commanded by Maj Maung Soe.

After an hour, some 60 Burmese government soldiers from Hill 608 arrived to reinforce the DKBA.

Another clash occurred after about 150 KNU soldiers of the 7th Division, led by Col Maung Tone, shelled a DKBA position at Maw Klai, across the border from Ban Mae La.

The attack forced the DKBA to withdraw. The KNU soldiers who cleared the area at about 5 a.m. found seven bodies of DKBA soldiers at the site.

About 50 KNU soldiers retreated across the border into Thailand but were repulsed by the 344th Border Patrol Police Company and 422nd Infantry Company.

The body of a DKBA soldier, Lt Maung Rawa, was found on the Thai side of the border with an AK47 rifle and rocket launcher.

The KNU attacks are believed to be retaliation for the January 9 murder of a former KNU general, Hta Lue, at Mae La camp for Karen refugees in Tha Song Yang.

Vietnam**SRV Draft Party Political Report Discussed**

*BK1901020296 Hanoi Voice of Vietnam Network
in Vietnamese 1400 GMT 16 Jan 96*

[‘Topical talk’ with station editor Vu Dinh Vinh]

[FBIS Translated Text] Dear comrades and friends, the draft political report of the Seventh Party Central Committee to be submitted to the Eighth National Party Congress is composed of four main parts:

In part one, the report deals with situation in our country after 10 years of renovation. The draft political report points out that the comprehensive renovation set forth by the Sixth National Party Congress has been carried out for almost 10 years now. During this period, our country has experienced many great changes and notable progress. Against the background of complicated changes in the socioeconomy at home and abroad during the past 10 years, our party and people have firmly maintained the renovation policy, overcome numerous difficulties and obstacles, and recorded many great achievements. We have made obvious progress in the following areas:

1. We have vigorously speeded up the socioeconomic development program. For the first time in decades, we have overfulfilled many key targets set for the five-year development plan. The annual GDP rate increased by 8.2 percent in the 1991-95 five-year period against the set target of 5.5-6.5 percent. The economy has improved [words indistinct]. Inflation has dropped from 67.1 percent in 1991 to 12.4 percent in the first 11 months of 1995. Production relations have been adjusted to meet requirements in developing the production force. The commodity-based multisectorial market economy has been consistently strengthened under state management and along socialist orientations.

2. We have recorded improvements in the social domain, improved the people’s daily life, and enhanced their intellectual standard and educational background. People nationwide have taken part in repaying those who had rendered meritorious services to the state. The people’s confidence in our regime and our nation’s prospects, our party, and our state has been enhanced.

3. We have consistently and firmly maintained political stability and consolidated national defense and security. Despite the complicated situation at home and abroad, we have satisfactorily maintained political security, effectively protected our regime, firmly maintained national independence and sovereignty, and promoted the trend of peace, thereby creating favorable fundamental conditions for the renovation. These achievements should be attributed to the comprehensive renovation

process, especially in the national defense and security areas.

4. We have effectively carried out various political activities.

5. We have vigorously developed our relations with foreign countries, opposed encirclement and isolationism, and participated positively in the activities of the international community.

While appraising achievements in various fields, the draft political report also points out shortcomings and weaknesses. They include:

1. Our country is still poor, yet we have not satisfactorily practised thrift in production and expenditure, and savings is still low.

2. In developing the multisectorial economy, we have provided loose and cumbersome guidance in building and strengthening new production relations.

3. The market mechanism is still in its nascent stage and the state’s role in economic management is still weak.

4. Social vices are still prevalent.

5. There are significant changes in the political system. However, weaknesses still prevail.

The draft political report makes a general appraisal of the situation in our country after 10 years of renovation as follows:

— Generally, the planning and implementation of the renovation in the past were carried out satisfactorily in accordance with the socialist orientations. However, there were prolonged shortcomings and deviations in the implementation, and we were thus in danger of straying off the course of socialism in some areas.

— Our country has overcome the period of ordeals. Despite the very complicated situation, our people have not only withstood the difficulties, but have also surged forward to record outstanding achievements in various areas.

— We have ample grounds to say that we have recorded great achievements in the renovation in the past 10 years.

— The tasks set forth by the Seventh National Party Congress for the 1991-95 five-year period have been basically completed. Our country has extricated itself from the socioeconomic crisis, yet we have not yet firmly consolidated the situation in some areas.

— The initial task for the transitional period toward socialism, that is preparation for industrialization, has basically taken shape. Our country has shifted to the

new era of accelerating national industrialization and modernization. The path toward socialism in our country has been increasingly asserted.

In part two, the draft political report sets objectives up to the year 2000 and 2020. After reviewing the general situation in our country, developments in the world, and opportunities and challenges, the report proposes the following objectives:

— Stemming from our situation and on the basis of the Seventh National Party Congress' political report, efforts must be made to firmly grasp the two strategic tasks of building socialism and defending the fatherland, and accelerating industrialization and modernization. The first objective is to turn our country into an industrialized nation with modern material-technological bases, a rational economic structure, and with progressive production relations. These meet the requirements of developing the production forces, improving the people's material and spiritual life, strengthening national defense and security, and attaining the goal of making our people prosperous, our country powerful, and our society equitable and advanced.

— From now to the year 2020, efforts must be made to turn our nation into an industrialized one. The draft political report asserts as very important in the new development era the period from now to 2020 to accelerate national industrialization and modernization. Our people's tasks are to integrate their energy, seize all opportunities, overcome all difficulties, vigorously and comprehensively speed up the renovation undertaking, continue to develop the multisectorial market economy under the state management and along the socialist orientations, strive to fulfill and overfulfill the set targets for socioeconomic development up to 2000, maintain quick and stable economic growth, promptly resolve pressing social issues, ensure national defense and security, extricate our country from poverty and backwardness, improve the people's daily life, increase national economic reserves, and create firm prerequisites for a higher level of development in the next century.

In Part 3, the draft political report provides guidelines for the development of various essential components:

1. Developing and making a change in the economic mechanism along the direction of industrialization and modernization: The draft report clarifies the fundamental viewpoints and aims of industrialization and modernization and the work that must be done in the final years of the 1990's.

2. Policy toward various economic components: It is necessary to firmly grasp the socialist goals in building a multisectorial economy, and to implement various

policies and lines on every economic component such as the state-run economy, cooperative-run economy, privately-run or self-governed economy, privately- and state-run capitalist economies.

3. Continuing to renovate the economic management system: This consists of creating harmonious market factors, perfecting the system of laws affecting the economy, continuing to renovate planning work and financial, monetary, and pricing policies, and improving the state's abilities and efficiency in economic management.

4. Developing science and technology, education and training.

5. Building an advanced culture imbued with a national identity.

6. Policies to resolve certain social issues.

7. National defense and security: It is a general task for national defense and security in the years ahead to develop the combined strength of the entire people and of the entire political system; gradually strengthen the national defense and security potential of the country; firmly build an all-people national defense, link the all-people national defense system with the people's security system; improve the quality of the armed forces; firmly safeguard the independence, security, sovereignty, and territorial integrity of the country; protect the people, the party, and the socialist regime; prevent and foil all the enemy's peaceful evolution schemes and actions and other rebellious and subversive activities; be ready to cope with all contingencies that may arise; avert and effectively punish all kinds of crimes; and effect a visible change in the maintenance of public order and security.

8. Foreign relations.

9. Promoting great national unity and developing the people's role as a master.

10. Continuing to renovate the state apparatus and to build and perfect the socialist Vietnamese state.

In Part 4, the draft political report deals with the need to build the party up to the level required. The political report also emphasizes that all successes and shortcomings of the renovation are inseparable from the leadership responsibilities of our party and its activities [words indistinct]. The draft report also discusses in general the achievements gained in party building over the past 10 years and some prominent major issues that must be overcome.

As for party building in the new stage, the draft political report emphasizes the following key issues:

1. Maintaining and enhancing the party's working class nature: This is of foremost importance for our party at present. Under current circumstances, the maintenance and enhancement of the party's working class nature are tantamount to persisting on the goal of national independence and socialism as well as on Marxism-Leninism and Ho Chi Minh thought — the ideological basis and the guiding principle for action. It is necessary to firmly grasp, creatively apply, and to help develop Marxism-Leninism and Ho Chi Minh thought; to consolidate the principle of democratic centralism; to implement the system of collective leadership and individual responsibility; to regularly carry out criticism and self-criticism; to maintain unity and unanimity within the party; to constantly cultivate and foster the stance, viewpoints, and a sense of organization of the working class; to build a contingent of party cadres and members in accordance with the viewpoints of the working class; to consolidate close ties with the people; to strengthen the great national unity bloc; to enhance the party's international solidarity; and to link national strength with epochal strength.

2. Improving the political acumen and the level of intelligence and revolutionary qualities:

We must base ourselves on the party's platform and other documents in providing regular training for party cadres and members on the party's policies and lines, on the fundamental issues of Marxism-Leninism and Ho Chi Minh thought, on the fine traditions of the country; and on new experiences. This is to ensure political and ideological unanimity within the entire party.

All party and members, particularly key leading cadres, must work out a plan to provide regular guidance to improve the level of knowledge as well as the abilities of their people; redress deviationist ideas and vague conceptions and signs of ideological vacillation and loss of confidence in socialism and in the party leadership; criticize and reject erroneous and hostile viewpoints; overcome the situation where a portion of party cadres and members has suffered from a lapse in ethics, has been following an opportunistic and pragmatic way of life, has amassed illegal wealth, become corrupt, and engaged in smuggling.

Party cadres and members must set good examples in forging themselves to improve their revolutionary ethics and overcome individualism. It is necessary to promptly and sternly deal with dishonorable and deviationist party cadres and members irrespective of who they are and what positions they are holding.

3. Consolidating the party organizationally and strictly implementing the principle of Democratic centralism.

4. Being intent on building a contingent of qualified and competent cadres.

5. Improving the militancy of grass-roots party organizations: A primary goal to consolidate and reorganize grass-roots party organizations is to make them fully aware of the party and state's policies and lines and to help them come up with correct policies and solutions and provide good leadership for implementation of various tasks of their units such as promoting economic development, eradicating hunger and alleviating poverty, improving the welfare of the working people, and fighting corruption and smuggling.

In rectifying and improving party activities, we must have strict regulations governing party members who are on tours of duty and working in mobile missions in a distant location or in a foreign country. It is necessary to put party members under close-knit management.

6. Continuing to renovate the party's leadership procedures:

As our party is a ruling party, our party has set forth policies and lines to build and defend the country. We must firmly grasp organizational and personnel work to ensure the successful implementation of the party's policy lines. The party exercises its leadership in accordance with the principle of democratic centralism as it advocates collective leadership and individual responsibility. Leadership must be handled by the party organization and not by individual party members. It must be carried out by collective decision-making and providing follow-up instructions and supervision, encouraging what is good and redressing what is wrong to vigorously develop the role and efficiency of the state rather than handling activities for the state. The party provides leadership for the political line, but the party and all of its members must work within the framework of the Constitution and law and must take responsibility for their activities. The party's leadership must be prescribed into law.

7. Renovating party inspection and discipline.

SRV 'Topical Talk' on Party Statute Revisions

BK2401125896 Hanoi Voice of Vietnam Network
in Vietnamese 1400 GMT 23 Jan 96

["Topical Talk" by Editor Vu Dinh Vinh]

[FBIS Translated Text] The opening part of the draft revision of the party statute to be presented at the upcoming eighth party congress reads: Founded and trained by Comrade Ho Chi Minh, the Communist Party of Vietnam successfully led the people to carry out the August Revolution, to found the Democratic

their hands for voting, each member will be allowed to express their views. A party member with views considered to be in the minority is entitled to have these views guaranteed and brought to the attention of the higher-echelon party committees concerned during the period before the holding of the national party congress, provided that they scrupulously comply with the resolutions and refrain from disseminating their views in contrast with the party resolution. The party committee concerned has the authority to study and examine these views without discriminating against those party members with the minority view.

6. Party organizations must decide on issues within their authority provided that this does not run counter to the party's principles and policies, state law, or the resolutions of higher echelons.

In Chapter III, on the ruling body at the central level, the draft scraps Article 15 of the existing statute and replaces it with a new one as follows:

1. A national congress of delegates must be held regularly by the party Central Committee every five years. Such a national congress can be held sooner or later, but the difference must not exceed one year.

2. The national congress must evaluate the results of the implementation of the resolutions of the party Central Committee in its previous term of office, decide on the policies to be adopted by the party Central Committee in its next term of office, elect a new party Central Committee, and amend and supplement the party's political platform and the party statute if necessary.

3. If deemed necessary by the party Central Committee or if requested by more than half of the subordinate party committee echelons, the party Central Committee must hold an extraordinary national congress of delegates. Delegates to the extraordinary national congress must be those who attended the national congress of delegates at the beginning of the party Central Committee's term of office and who are still qualified party members.

Article 17:

1. The party Central Committee will elect the Political Bureau; the party general secretary; and from among the Political Bureau members, the Political Bureau Standing Committee. It will also elect a Central Inspection Committee and a chairman from among its members. The number of Political Bureau members, Political Bureau Standing Committee members, and Central Inspection Committee members will be decided by the party Central Committee.

2. The party Central Committee Political Bureau supervises and controls the implementation of resolutions of the national party congress and of the party Central Committee. It makes decisions on issues related to party lines and policies, cadre organization, and preparations for party Central Committee plenums. The Political Bureau is responsible for presenting reports on party activities at various party Central Committee plenums or at the request of the party Central Committee.

3. The Political Bureau Standing Committee supervises and controls the implementation of party resolutions; suggests solutions to various issues to the Political Bureau for consideration and approval; guides the implementation of policies on the socioeconomy, national defense and security, foreign affairs, party and cadre related tasks, and mass mobilization work; and resolves problems in daily party activities.

Chapter IV, Article 21 of the current party statute, on party leading organizations in the provinces, is shifted to Article 18 in the draft revision of the party statute. Article 18 of the draft revision of the party statute says:

1. Party organization congresses of provinces and municipalities directly subordinate to the central government and of districts, wards, towns, and cities subordinate to the province must be organized by the party committees at that level every five years, or no more than one year sooner or later.

2. These party organization congresses will discuss documents from party committees at higher levels, evaluate results in implementing tasks during their term, discuss tasks for the next term, and elect new party committees and delegates to attend party organization congresses at the higher level.

Chapter V, Article 22, on basic party organization, says:

1. Congresses of delegates or congresses of party members of basic party organizations must be organized by the basic party committees every five years, or no more than one year sooner or later.

Some suggested that the term of village and ward party committees should be five years and the term of party committees at lower levels should be two and a half years.

2. These congresses will discuss the documents of party committees at higher levels, evaluate the results of implementing tasks during their term, discuss tasks for the next term, and elect new party committees and delegates to attend the party organization congresses at the higher level.

3. Basic party committees and party chapters must hold a regular conference every month and special conferences as warranted.

4. Basic party committees with more than nine members must elect a Standing Committee and a secretary and deputy secretary from among its members. Those with less than nine members need only elect a secretary and a deputy secretary.

Chapter VI, Article 25, on party organization in the Vietnam People's Army and Public Security Force, says:

1. The party leads the Vietnam People's Army and Public Security Force in every aspect. The party has a duty to build the Vietnam People's Army and Public Security Force and make them strong and firm in the political, ideological, and organizational domains. They must be loyal to the fatherland and ready to serve the people wholeheartedly. They must uphold their role as the key forces, together with the people, in firmly protecting the socialist Vietnamese fatherland, maintaining political security, strengthening social order and safety, and participating in rebuilding the country.

2. Party organizations in the Vietnam People's Army and Public Security Force must carry out the activities set forth in the party Central Committee's political platform, the party statute, party resolutions and directives, and state law.

3. Various branches of party committees must carry out their functions to help party committees supervise and control party building and mass mobilization work in the Vietnam People's Army and Public Security Force.

Article 26 of the draft revision of the party statute says:

1. The Military Commission of the party Central Committee appointed by the party Political Bureau comprises a number of party Central Committee members who work in and outside of the Army. These members are subject to the supervision of the party Central Committee, especially the Political Bureau or its Standing Committee.

2. The Military Commission conducts research and proposes solutions for the party Central Committee's approval on issues related to military lines and policies and the national defense task, and supervises all activities in the Army.

3. The Army Political General Department is responsible for accelerating party and political tasks in the entire Army, carrying out activities under the supervision of the Political Bureau Standing Committee, and is

directly subordinate to the Military Commission. Each echelon of the department has a political organization and political cadres responsible for carrying out party and political tasks under the direct supervision of the party committee at the same level and the control of the higher political echelon.

Article 27 of the draft revision of party statute says:

1. Party committees of regular Army and border defense forces are elected by party organization congresses at their level. These party committees supervise units under their control in all aspects and seek advice from the higher echelons.

2. The party committee of a military region consists of those who work in the Army elected by party organization congresses at the same level, and secretaries of party committees of the provinces and municipalities in that military region. This party committee is responsible for implementing the resolutions of higher echelons, building the universal national defense system, strengthening the People's Armed Forces, and coordinating with local party committees to carry out party lines and policies in the military region.

3. Party organizations in local military units are subject to the control of party committees at their level in all aspects. They must implement the resolutions of the higher echelon of the Military Commission, participate in building the universal national defense system, and carry out local military tasks. Higher echelons of political organizations must coordinate with local party committees to supervise party building, political activities, and mass mobilization work in various localities.

4. The military commissions of provinces, municipalities, districts, and wards comprise those who work in the Army elected by party organization congresses at the same level and those from the Standing Committees of party committees in the same localities.

Chapter VII deals with the party's control work and control commissions at various levels.

Chapter VIII deals with party disciplinary action.

Chapter IX deals with party leadership over the state, political organizations, and mass societies.

Chapter X deals with party leadership over the Ho Chi Minh Communist Youth Union.

Chapter XI deals with the financial status of the party.

Chapter XII deals with the implementation of the party statute.

Australia

Australia: Suspected Illegal Iraqi Immigrants Detained

LD2201114596 Melbourne Radio Australia
in English 0900 GMT 22 Jan 96

[FBIS Transcribed Text] Four suspected illegal immigrants believed to be from Iraq are being questioned at a detention center in Western Australia. Lorraine Davies reports [that] the Australian navy rescued the four men at sea and brought them to Darwin on Friday [19 January].

[Davies] The Immigration Department says Coastwatch spotted the boat last Tuesday floating near the Ashmore Reef off the Western Australian coast. The men were waving and appeared to be trying to attract the plane's attention. HMAS Launceston was dispatched to the area and found the vessel, with four men claiming to be from Iraq and three Indonesian fishermen on board. The boat's engine had broken down. The navy rescued the men and brought them to Darwin. The four were flown to the Port Hedland detention center on Saturday, where they are being questioned by immigration officers.

New Zealand

New Zealand: U.S. Naval Observatory Slated for Demolition

BK2301004396 Christchurch THE PRESS in English
18 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Black Birch United States naval observatory south of Blenheim will be demolished when its 10-year observation programme ends in March.

An advertisement in Wednesday's edition of The Press called for tenders for the demolition of the observatory in April.

Observatory director Carl Cole said he could not confirm the demolition, but said no further observation programmes were planned.

The facilities are owned by the United States Defence Department, and the site by the Department of Conservation.

Dr Cole said the United States military was obliged to restore the land to its natural state by revegetation.

Establishment of the observatory in the early 1980s was controversial, and it became a focus of protest for groups

which opposed a United States military presence in New Zealand.

Dr Cole said a major aspect of the programme was to accurately fix southern hemisphere star positions for navigation purposes.

There had been no classified information or security clearance at the observatory, he said. The catalogue of stellar positions was open information.

The technology was now obsolete, and future observation would be done from robotic spacecraft, he said.

Bob Leonard, a spokesman for the Anti-Bases Campaign in Christchurch, said he was pleased Black Birch was closing.

While recognising the civilian component to the observatory, Mr Leonard said there was compelling evidence of a military component to Black Birch — to provide an accurate navigational fix for nuclear weapons.

The telescope had been in Argentina before it was brought to New Zealand — which was seen as a politically more stable country at the time.

Mr Leonard said the Waihopai and Tangimoana intelligence gathering bases, and Deep Freeze at Harewood, were still of concern to his group.

New Zealand: Emissions From Mururoa Test Site Cause Concern

LD2401112196 Wellington Radio New Zealand
International in English 1000 GMT 24 Jan 96

[FBIS Transcribed Excerpt] A New Zealand engineer who has studied Mururoa Atoll closely says reports that radioactive iodine may have been released there don't show that the island's rock base is fracturing. [passage omitted] Dr. Mike O'Sullivan, head of engineering science at Auckland University, says the appearance of a short-lived isotope like iodine-131 probably signals a venting problem in the detonation cavity rather than failure of the rock structure. He said it could escape during or shortly after an explosion through a badly fitting concrete seal above the [word indistinct] or from an inspection shaft drilled nearby. However, Dr. O'Sullivan says this doesn't dispel his concerns that the atoll's rock structure is damaged and will ultimately release long-lived radioactive isotopes like plutonium and caesium.

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